

EUROPEAN NEWS

Leslie Colitt in Budapest reports on the 30th anniversary of the bloody 1956 uprising Hungarians look anew at their post-war trauma

"I believed in Imre Nagy."
This surprising remark, made by a man who could become the next Hungarian leader, recently jolted the memory of his fellow citizens.

Imre Nagy was the reformist Communist Prime Minister of Hungary and leader of the ill-fated 1956 uprising, whose 30th anniversary will be marked today.

Soviet tanks crushed the uprising after two weeks at a cost of more than 2,500 dead. Workers and students were killed in street fighting, secret policemen hanged on lamp posts and Soviet tank troops burned alive.

Imre Nagy was executed by Moscow for treason in June 1958, along with other prominent reformers. The man who admitted he once "believed" in Mr Nagy is Mr Karoly Grosz, the first secretary of the Budapest Communist Party. His remark came in a series of interviews on Budapest radio with prominent Hungarians last month about the uprising and its causes.

Hungary's leadership has launched an unprecedented media campaign to inform citizens about this momentous event in their postwar history. In part, it was aimed to dispel charges by the tiny dissident community that the authorities still had 30-year-old political skeletons in the closet.

Hungarian TV is running a six-part documentary series on the causes, events and the aftermath of the 1956 "counter-



A bust of the Stalinist ruler Rakosi is hung from a lamp post during the uprising

OPPOSITIONISTS of the Hungarian Government plan to hold a memorial ceremony this evening in a private Budapest flat to mark the anniversary of the 1956 Hungarian uprising, Leslie Colitt reports from Budapest.

Mr Miklos Haraszti, a prominent figure in the tiny but active dissident movement, said a public observance was forestalled by the police who warned "many people" of the consequences. Among those summoned to the police, said Mr Haraszti, was Mr Sandor Racz who headed the Greater Budapest

Workers' Council during the uprising.

Mr Racz, likened in his day to Lech Walesa, former leader of the banned Polish solidarity movement, was sentenced to life imprisonment in 1957 and amnestied in 1963.

More than 50 per cent of Hungarians are now under 35 years of age and have no direct experience of the uprising. Nevertheless, the authorities are busily circulating a modified official version of the "events" designed to satisfy citizens who had remained dubious in the past.

Hungarian TV is showing film of the mass demonstration which took place in Budapest on October 23 1956 and the bitter fighting which ensued.

Budapest secondary school-teachers were recently instructed how to answer possible questions from students about the uprising.

Nepszabadsag, the main Communist newspaper, is running a daily series of questions and answers about the uprising and a new book has been published on Hungary since 1945.

from a Soviet base outside the capital.

Mr Dela Hlaska, another prominent Hungarian politician under Mr Kadar, admitted that at a meeting of the provisional party leadership in December 1956 one side still insisted the uprising had been a "revolution, a national revolution." However, the new leadership assessed the "events as a counter-revolution and proved to be right."

Mr Nagy's fatal mistake, in the eyes of many historians, was to announce on November 4 that Hungary was quitting the Soviet-led Warsaw Pact alliance, after calling for a multi-party system and Western protection of the country's neutrality.

The outcome was devastating for Hungary. The loss of human life and physical destruction permanently seared the nation. Few Hungarians would have believed then that Mr Kadar could ever rise above the terrible charges levelled against him in 1956.

Yet his pragmatic policy of "whoever is not against us is with us" eventually won over the majority. Hungarians were prepared to let his government reform the political, social and economic system without demanding the freedoms which they knew he would not deliver. The catharsis of 1956 made the Hungarian compromise of today possible.

November 1, Mr Apro was talking with Mr Nagy in his office when the Prime Minister's secretary entered and said "Ambassador Andropov is here." Mr Yuri Andropov, later to become the Soviet leader, was to play the key role in choosing Mr Kadar as Mr Nagy's successor.

The Hungarian experience would recommend Mr Andropov for his subsequent post as head of the KGB and enable the late Soviet leader to speak fluent Hungarian with visiting politicians from Budapest.

After Mr Andropov's visit, Mr Apro said he left the Nagy team in Budapest and joined Mr Kadar, who was preparing to launch a counter-offensive

East Germany expected to resume relations with China

BY OUR BERLIN CORRESPONDENT

EAST GERMANY is expected to resume *de facto* relations with the Chinese Communist Party during a five-day visit to China this week by the East German leader Mr Erich Honecker.

Mr Honecker was invited in his functions as party chief and president by the Chinese party leader, Mr Hu Yaobang, as well as the president, Mr Li Xiannian.

The visit has the full support of the Soviet Union and, according to East European officials, reflects its interest to probe a restoration of Soviet party links with China.

Gen Wojciech Jaruzelski, the Polish leader, paid the first visit to Peking last month by a Warsaw Pact leader since the split in 1960 between the Soviet Union and China. But Gen Jaruzelski came on a brief working visit, in deference to the East German leader's "official friendship."

On the eve of Mr Honecker's arrival in Peking, the East German news agency ADN sharply attacked West Germany for an alleged "impudent interference" in its affairs in connection with the East German president's visit.

ADN noted that the West German ambassador to Peking, Mr Per Fischer, had expressed his displeasure to the Chinese over Hu's recent interview with the East German media in which he referred to the "people of the German Democratic Republic." Mr Fischer said Bonn saw Germany as one nation and thus, one people.

The Chinese leadership had previously adopted the West German position on German unity but recently, while wooing East Germany, Peking avoided such references.

East Germany and China are to sign long-term agreements on economic and scientific-technical co-operation during Mr Honecker's visit.

The China Daily in Peking said China had signed a contract with East Germany to buy railway cars worth more than \$100m (\$89.4m) for delivery in 1988 and 1989. Earlier this year, East Germany sold 1,000 refrigerated railway cars to Peking.

West Berlin's governing mayor, Mr Eberhard Diepgen, is being urged to accept an East German invitation jointly to celebrate the 750th anniversary of Berlin next year in East Berlin.

The unusual invitation was recently sent to Mr Diepgen by Mr Erich Honecker, the East German leader, before his trip to China. Mr Diepgen also received an invitation to attend an international gathering of mayors in East Berlin. East Germany had previously refused to organise any joint anniversary celebrations by East and West Berlin.

The invitations were regarded as a possible "signal" that the wall which was built 25 years ago, may become easier to cross. The mayor was also urged to invite East Berlin's mayor, Mr Erhard Kraack, to a planned meeting of mayors in West Berlin next May.

But "revisionist" and "opportunist" groups soon rallied around him.

In the interview with Radio Budapest Mr Grosz went further and spoke of the deep impression Imre Nagy made on him as a young party member. When Mr Nagy pledged to reform the party in 1955, he noted, he "believed" and had "faith" in him.

He noted that after Imre Nagy was removed as Prime Minister in 1955, "I came to the point of thinking about leaving the party. It must be said I wasn't the only one." Mr Grosz had had doubts as early as 1949 after the execution by Mr Rakosi of Mr Laszlo Rajk, the Communist Foreign Minister,

for alleged treason. "I felt that a party where such things could happen was not my party," he admitted.

When the uprising took place, he disclosed that most of his fellow comrades, his boss at the factory and his childhood friends supported Imre Nagy. "The most terrible thing," he recalled, "was that the workers were also on the other side."

The radio testimony of Mr Antal Apro who has served and survived all Hungarian Prime Ministers from 1953 onwards, and is still a member of the central committee, highlighted the role of Mr Yuri Andropov in choosing Mr Janos Kadar, Hungary's present leader.

Three days before Soviet tanks re-entered Budapest, on

the Hungarian experience would recommend Mr Andropov for his subsequent post as head of the KGB and enable the late Soviet leader to speak fluent Hungarian with visiting politicians from Budapest.

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Athens firm on economic policies

By Andriana Ierodiakonou in Athens

GREECE'S Socialist Government will not relax its economic stabilisation policy despite the poor results for the Socialist Party in this month's municipal elections, according to Mr Constantinos Simitis, Economy Minister.

The Socialist's substantial loss of support in both urban and provincial areas in the municipal vote is mainly attributed to general disaffection with the economic austerity programme introduced by the Government a year ago to avert a foreign debt crisis.

The programme, which included a two-year near-freeze on wages and salaries, and a 15 per cent devaluation of the Drachma, was intended to reduce inflation and curb Greece's runaway current account and public-sector deficit.

"We intend to follow the policy set in October 1985 without any deviation. The existing incomes policy will be applied in 1987 as well," Mr Simitis said in a written statement designed to block speculation that the Government might relax its economic policy.

The minister predicted that the economic stabilisation target for 1986 will be met. The authorities are aiming for an inflation rate of 16 per cent this year.

They also hope to halve the current account deficit from \$3.5bn (£2.3bn) in 1985 to \$1.7bn by the end of 1988 and to reduce the public-sector deficit from 18 per cent of GDP to 13.5 per cent.

Further stabilisation was imperative to achieve a permanent improvement in competitiveness, otherwise any economic recovery is bound to be temporary and to carry the danger of a resurgence of inflation and an increase of the deficits.

FAO calls for drive to beat famine in Africa

BY JOHN WYLES IN ROME

A RETURN to drought conditions will bring fresh starvation in Africa without a determined action programme to improve African agriculture, warns the UN's Food and Agriculture Organisation in its 1986 food report.

The arrival of the rains coupled with the supply through international aid of \$250m (£174m) worth of seeds and fertilisers means that food requirements have dropped drastically from the 7m tonnes needed by 21 African countries in 1985 to 2.7m tonnes this year.

But though the rains have returned, Africa's problems continue. Even the record Sahel harvest in 1985, more than 50 per cent greater than the year before, was only slightly larger than the 1981 harvest, the only other good year in recent times.

"Unless continued and vigorous action is taken to improve African agriculture, a return to drought conditions will mean a return to starvation," says the FAO.

Its picture of world food trends is one of abundance, particularly in the developed world, rising consumption in parts of the developing world, but continuing misery in nearly half of the 65 low-income food-deficit countries.

World food and agricultural production last year grew by 1.4 per cent against 4 per cent the year before. The market economies in the Near and Far East showed significant increases. In the eight Sahelian countries of Africa, cereal output reached nearly 7m tonnes compared with 3.6m tonnes in 1984.

Output was less than 1 per cent higher in the developed countries and fell by nearly 3 per cent in Western Europe because of weather conditions.

Nevertheless, a record cereals crop (1,900m tonnes) in the second year running pushed up stocks so that they should reach a new peak this year of 362m tonnes—22 per cent located in the US.

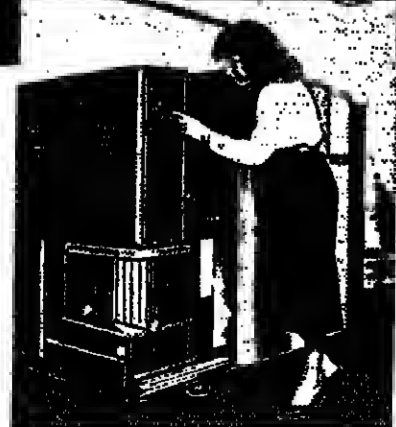
Global human consumption of staple foods is expected to have reached 800m tonnes in 1985—3 per cent up on the previous year and higher than the growth rate of world population.

But the benefits were spread unequally, with per capita consumption expected to decline in 31 of the 65 low-income food-deficit countries. Over the past decade, consumption has fallen in 37 of these countries, says the FAO.

World Food Report 1986. Food and Agriculture Organisation of the United Nations.



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EUROPEAN NEWS

IG Metall chief pay negotiator quits in poll row

BY PETER BRUCE IN HAMBURG

WEST GERMANY'S biggest trade union, the IG Metall, lost its chief pay negotiator in spectacular circumstances yesterday, handing Mr Franz Steinkuehler a major political victory in his first two hours as leader of the union.

Delegates at the IG Metall congress in Hamburg had just completed a ritual election of a new executive yesterday morning when Mr Hans Janssen, who has been on the executive since 1977, walked to the podium and announced that because not enough people had voted for him, he refused to be re-elected.

Mr Janssen, 62, was one of the last of an older, left-wing order in IG Metall. He has begun recently to clash publicly with Mr Steinkuehler over ways of cutting working hours in order to create new jobs.

While Mr Steinkuehler, 49, has been encouraging talks of flexible working practices to meet the economics of new technologies, Mr Janssen earlier this week warned that "flexibility" was becoming a fetish and was designed to suit employers.

With considerable support, he has argued for a firm commitment to cutting the regular working week to 35 hours.

Mr Steinkuehler, however, represents a more technocratic, though probably more radical younger tendency in IG Metall. There is constant talk at the conference, none of which he attempts to dampen, of strikes

FitzGerald beats off first crisis vote

By Hugh Carnegie in Dublin

DR GARRET FITZGERALD'S Fine Gael-Labour coalition last night overcame by the narrowest of margins the first of two attempts by the opposition Fianna Fail party to force an early general election. But it still faces a finely-balanced confidence vote in Parliament today.

It defeated by 82 votes to 81 a move to call a by-election in a vacant safe Fianna Fail seat which would have tipped the parliamentary balance against the government.

A similar victory today, now appears more likely. But the coalition, which has been under concerted fire by Fianna Fail in recent weeks, cannot be sure of victory as the votes of two backbenchers, one a Fine Gael member and one a former Labour minister, were last night still in doubt.

The two, Mr Liam Stelly of Fine Gael and Mr Joe Bermingham of Labour have threatened to vote against the government unless they get assurances on their respective proposals for a development plan for Dublin and social welfare spending.

In the by-election vote, Mr Stelly voted with the government while Mr Bermingham was not present.

Government spokesmen are confident of victory in today's vote, and their chances improved yesterday when another dissident backbencher, Mr Frank Chuskey of Labour, confirmed he would vote with the government.

A government win would almost certainly rule out an election at least until after the budget in January. The coalition's five-year term runs out in November 1987.

Opening the debate prior to today's vote, which has been changed by the government from an opposition no-confidence motion into a motion of confidence in the coalition, Dr FitzGerald said the government still had a series of measures to enact, including framing a budget for 1987 which would have to include "firm action" to correct serious overs on this year's spending.

Speculation that the coalition might fall because of disagreements between Fine Gael and Labour over formulating the budget has abated since the Government issued a statement last week saying overall spending and borrowing targets had already been agreed, respectively to account for not more than 7.4 per cent of Gross National Product and 11.8 per cent of GNP.

Swiss minister to resign

SWITZERLAND'S Economy Minister, Mr Kurt Furgler, said yesterday he would resign at the end of December, the second of the seven-member government to do so this year, Reuters reports from Bern.

Political analysts said the resignation could cause a realignment of ministerial jobs but was unlikely to upset the balance of power in the "magic formula" four-party coalition that has governed the country for 27 years.

GLENEAGLES CONFERENCE

Nato risks further delay on missile deal

BY DAVID BUCHAN IN GLENEAGLES

NATO DEFENCE ministers at Gleneagles, birthplace of the now famous "zero option," this week wrestled with the consequences of the decision they took five years ago.

For it was in 1981, at the same hotel in the Scottish Highlands, that Nato first agreed to forgo its planned deployment of 572 Cruise and Pershing 2 missiles, if the Soviet Union would scrap its SS20 missiles.

This week, Nato was far from showing joy unbounded at the prospect of its 1981 wish being fulfilled.

Indeed, in some quarters of the alliance, there is clear trepidation that the US and Soviet Union got as far, in Iceland 10 days ago, as discussing total removal of medium-range Cruise, Pershing 2, and SS20 missiles from Europe, leaving a residual 100 warheads each in Soviet Asia and Alaska.

Yesterday's closing communiqué of the Nato Nuclear Planning Group (NPG) papered over the cracks by stressing that any deal on medium-range 1,000 to 5,000 km missiles should be "accompanied by other appropriate provisions concerning rights and constraints on shorter range

West Germany's Opposition Social Democrat party (SPD) has worked out proposals with the governing Communist party of East Germany for a nuclear-free "corridor" between the two Germanys, David Marsh reports from Bonn.

The plan, the result of several months of consultations between the SPD and the East German SED Socialist Union party, would prescribe Nato and Warsaw Pact forces from deploying short-range battlefield nuclear weapons within 150 kms. each side of the East-West border.

The proposals, which clearly have the blessing of the Moscow government, add to the Soviet Union's present campaign of trying to convince the West Germans of its desire for a superpower disarmament accord.

Most Nato governments assume this minimum to be around 500 km, encompassing only about 100-120 Soviet SS22 and SS23 missiles.

But Bonn is anxious to get reduced or eliminated the several hundred Soviet missiles, particularly the Scud, with a range as low as 150 km.

Lord Carrington, Nato Secretary-General, suggested yesterday that if the Pershing 2s and cruises left Western Europe, "in logic" the Soviet Union could call back the SS22s and SS23s it has moved forward to Eastern Europe since 1983 as its declared response to the cruises and Pershings.

But whether such a pull-back, as distinct from elimination, of these weapons could satisfy the West Germans is now in doubt.

Europe could be secured on the conditions laid out in Iceland.

This was that the Soviet Union would, separately, agree to freeze its stock of shorter-range weapons and at some point negotiate reductions.

In the hectic and hasty Iceland discussions, the super powers merely talked of negotiations on shorter-range weapons with a maximum range of 1,000 km but without defining a minimum range.

To supplement nuclear armed F-111 aircraft which could not longer be relied on to pierce Soviet defences; and to assure Europe politically that the US, even though by the late 1970s it faced a Soviet Union equal in strategic nuclear weapons, could and would fulfill its commitment to Europe's nuclear defence.

Post-1977 Soviet deployment of SS20s came to be a convenient political justification for the arrival of cruises and Pershings.

In fact, there is now probably a political imperative, for all allied governments, even ultimately Bonn, to accept the zero-zero deal on medium-range weapons. But the Euro-missile equation looks a lot less simple than it was presented five years ago.

Clearly then, removal of the SS20s, with a range up to 5,000 kms would not now be the end of the story for Nato. In a sense, it never was.

It is now almost completely forgotten that the original proposal in 1977 from the then West German Chancellor Helmut Schmidt for some strengthening of the US nuclear commitment to Europe was not directly tied to the SS20 threat.

The motives, rather, were: To supplement nuclear armed F-111 aircraft which could not longer be relied on to pierce Soviet defences; and to assure Europe politically that the US, even though by the late 1970s it faced a Soviet Union equal in strategic nuclear weapons, could and would fulfill its commitment to Europe's nuclear defence.

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Bonn to ease sentences for terrorist witnesses

BY DAVID MARSH IN BONN

THE West German Government, in an attempt to crack down on mounting terrorist attacks, intends to rush through Parliament new legislation offering milder sentences or complete immunity to criminals who testify against their accomplices.

A law granting more lenient treatment for terrorists who become state witnesses in court cases involving acts of political violence is likely to be brought before the federal assembly (Bundestag) next week.

The proposals represent the first significant public steps by the centre-right coalition Government to intensify the fight against terrorism since the murder in Bonn a fortnight ago of Mr Gerold von Braunmühl, the late political director in the Foreign Ministry.

This killing, the first political assassination in the German capital since the foundation of the federal

republic in 1949, shocked public opinion and has persuaded, above all, the junior liberal Free Democratic (FDP) partners in the coalition of the need for tougher anti-terrorist measures.

But the new moves have drawn criticism from the Social Democratic Party (SPD) opposition which claims that state witness laws in countries such as the UK and Italy have not always proved effective.

The "state witness" legislation, to be used only in terrorism cases, is intended to run until the end of 1988. The measure has been prompted by growing calls from police and security investigators that German legislation designed to protect civil rights has reduced efficiency in the hunt for terrorists.

A committee of politicians from the conservative coalition Christian Democrat and Christian Social parties as well as the FDP also dis-

ussed yesterday other improvements in the search for perpetrators of political violence.

These include greater use of computers and personal data banks in police investigations. The conservative parties have been growing restive about data protection laws brought in by the previous SPD-FDP Government which are alleged to have impeded the search for terrorist suspects.

Martens set to stave off political crisis today

BY TIM DICKSON IN BRUSSELS

BELGIUM'S Prime Minister, Mr Wilfried Martens, is widely expected to stave off the country's grave political crisis today when he faces hostile opposition questions in parliament over the Government's handling of the "Happart affair." Observers in Brussels, however, said last night that the respite may only be temporary.

The bitter linguistic dispute, over the sacking of a French-speaking mayor who refuses to learn Flemish, has opened serious divisions within the French and Flemish-speaking wings of the Christian Democrat parties, two of the country's four coalition partners.

The crisis forced Mr Martens to offer his resignation to King Baudouin last week, a gesture subsequently refused but which has been followed by more than a week of political uncertainty.

Today's developments are crucial since the Government has to present a united voice in answer to questions in Parliament.

The situation has been greatly complicated since the mayor in question — Mr Jose Happart — was last Friday re-elected First Alderman of his commune in the Fournais and, in that post, is once again "de jure" mayor.

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Great Italian road block disaster proves a flop

BY JOHN WYLES IN ROME

THE GREAT Italian road block disaster, with a cast of thousands playing to an anxious audience of millions, has proved a miserable flop.

Lorry drivers whose protest action was supposed to have made Italy one giant bottleneck this week have apparently decided that it was too costly to go ahead with their boycott of the motorways and strict observance of speed limits.

The protest action against a new government traffic safety decree imposing stiffer penal-

ties on heavy goods vehicles which break the law, appears to have lacked any real organisation.

Up to 350,000 heavy lorries were expected to use only secondary roads on Tuesday but instead, many stuck to their ordinary routes on the motorways.

In many parts of the country, roads were quieter than usual because car drivers chose to stay at home rather than run the gauntlet of traffic jams.

Swiss minister to resign

SWITZERLAND'S Economy Minister, Mr Kurt Furgler, said yesterday he would resign at the end of December, the second of the seven-member government to do so this year, Reuters reports from Bern.

Political analysts said the resignation could cause a realignment of ministerial jobs but was unlikely to upset the balance of power in the "magic formula" four-party coalition that has governed the country for 27 years.

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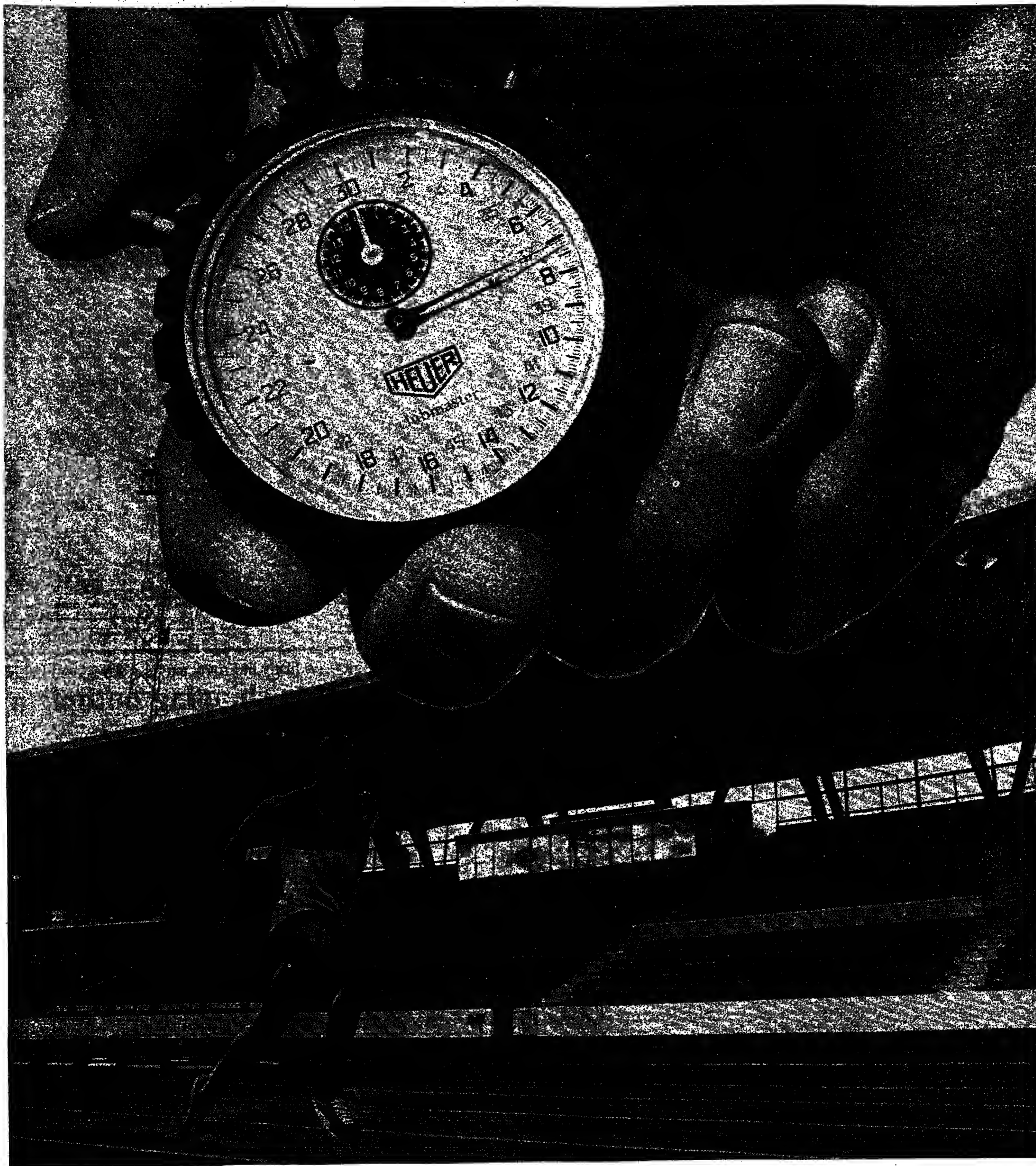
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TECHNOLOGY

Post-Chernobyl battle for power

David Fishlock, Science Editor, reports on the state of play at Europe's fast reactor club

EUROPE'S drive to develop fast reactors for nuclear power is taking a heavy political buffeting in the turbulent wake of Chernobyl's explosion and fallout. It will be the biggest problem facing Mr John Collier, chairman-designate of the UK Atomic Energy Authority (AEA), when he returns to the state-owned nuclear research agency next month after a stint with the Central Electricity Generating Board. As he sees it, the political will of at least one, perhaps more, of the six partners in Europe's fast reactor club has been seriously eroded by the accident.

The European fast reactor club is one of the world's most ambitious co-operative technical ventures. Six governments are pooling about £300m a year with the objective of giving European industry a competitive commercial design of fast reactor, attractive to its electricity supply companies.

The six members are Belgium, France, West Germany, Italy, the Netherlands and the UK. The Paris-based club plans two or three Euro-reactors; big demonstrators of about 1,000 Mw output, and associated demonstration facilities to complete the fuel cycle, a crucial facet of fast-reactor economics.

Its programme is long, extending over 20-25 years, and covering the period until two years after the last of the demonstrators has reached full power. Its aim is to give the

electricity companies confidence about costs, reliability, availability, licensing and, of course, safety. One stated objective is a "user-friendly" reactor, tolerant of operator error.

All this, however, will hinge on the club's ability to overcome its political problems. First among these is the fact that the government of North Rhine Westphalia is refusing to license a DM 6.5bn prototype fast reactor, the SRN 300. The same minister who issued 14 partial permits as construction of the reactor proceeded now condemns the project as a "Heilige".

This reactor was built as part of a major tripartite cooperation, between Germany, Belgium and the Netherlands, dating from 1980. It was this programme, the DeBelo, which formed the basis of the larger European club.

Mr Robin Nicholson, who as secretary of the UK AEA until last month has been Britain's chief negotiator with the club, claims that despite the long programme the fast reactor is "nearer to commercial deployment than any other collaborative reactor development project so far". At the Joint European Forum (JEF) project at Culham in the UK the talk is of a European fusion reactor being 40 years in the future.

The fast reactor club is backed by an inter-government memorandum of understanding (MOU), with most of its cash

coming from the taxpayer. But state-owned and private companies are also participating, including the German Interatom, a Siemens subsidiary, and Belgium's Belgomclaire. Altogether, about 20 organisations are involved. Increasingly, the electricity companies are expected to finance the club.

The club's rivals internationally are the US, spending about \$100m a year on fast reactor research and development, and Japan. Both of these

The computing technology page by Alan Cane will appear tomorrow

are seen as potential future club members. The USSR also has a major programme of fast reactor development, the promise of which was being stressed by Soviet delegates to the Chernobyl "post mortem". The Soviets have recently begun construction of an 800 Mw demonstrator, following two prototypes.

Europe's club is "a massive undertaking by any standards", according to Dr David Evans, a senior executive with the UK AEA. Britain alone is spending about £100m a year, and the fast reactor is the biggest single programme of the UK AEA. The club aims to persuade

Europe's electricity companies to pay for up to three further demonstrators, Euro 1, Euro 2 and Euro 3, in different countries. The last is envisaged as a system "ready for commercial exploitation," with a design life of 40 years and low fuel costs because of the long time its fuel can be allowed to remain in the reactor.

Dr Klaus Messer, a director of RWE, Germany's biggest electricity company, believes firmly in the stabilising influence of co-operation. "If we had not had the international collaboration, we would be changing the programme every four years."

The club already embodies over a decade's experience of two 250 Mw prototype fast reactors, Phoenix at Marcoule and PFR at Dourvay. In addition the 1,200 Mw Superphoenix (SPX1) at Creys-Malville came on-load early this year. The club contends that experience of these systems suggests Euro 3 should match and even better the availability and reliability of present-day reactors. Fuel rates are low and recovery is quick, it claims.

Club members also take confidence from the way major engineering problems with both prototypes have been overcome. They now plan a lengthy programme of what they call "features testing" of major components in dedicated facilities in different countries. Potential economic gains from

long life can be large—about 5 per cent off the capital cost if the guaranteed life can be increased from 35 to 40 years, they estimate.

The club did not start with a clean slate, but evolved from several decades of national effort. Apart from the 1986 SRN 300 venture, Germany and France agreed in 1976 to co-operate in the development of advanced reactors. Through prior agreements with Belgium, the Netherlands and Italy, five countries were linked loosely in fast reactor development.

The 1984 MOU brought Britain into the club and provided an "umbrella" agreement under which a whole raft of more detailed and specific agreements covering research, intellectual property rights, and industrial matters have been signed by 20 participating organisations.

Research and development alone involves 10 organisations. France has just announced a Commissariat à l'Energie Atomique; Britain has two, the UK AEA and British Nuclear Fuels; Germany has five led by Karlsruhe.

This complexity of origins, coupled with national custom in engineering safety raised difficulties for any early ideas of a common safety philosophy for the Euro demonstrators. So the club agreed that its Euro reactors will be designed to the safety requirements of the host nation, with a common safety



Mr John Collier, chairman-designate of the UK Atomic Energy Authority. He will face strong anti-fast reactor pressure from politicians.

design evolving as the programme proceeds.

The club's central objective is a fast reactor competitive in costs with present-day (thermal) reactors. But this target differs from country to country. France has the toughest target to meet because it has virtually been "mass-producing" pressurised water reactors (PWRs). Current estimates suggest the fast reactor in France is now about 50 per cent more expensive than a PWR.

For Germany the PWR is also the yardstick but it has built fewer, more costly units than France. It claims the cost of its latest fast reactor design, SRN2—which could become Euro 1—will be very close to contemporary PWRs.

Britain's yardstick is the advanced gas-cooled reactor (AGR). The UK AEA claims that its latest ideas on design and from fuel cycle demonstrations suggest its Euro demonstrator will be almost competitive with AGR costs. But the Central Electricity Generating Board believes that AGR costs

are 10-20 per cent higher than PWR costs.

Much of the progress for the rest of the century could come from a better understanding of the limits of performance in every part of a very complex nuclear engine and from the growing confidence of the designer for shedding redundant material and systems—just as aircraft designers learn with experience when they can leave out one, even two engines.

Earlier this year the House of Lords select committee on the European Communities, investigating nuclear power in Europe, came to the conclusion that where and when Euro 1 is to be built "should be settled quickly to prevent this question jeopardising the entire collaborative programme." It found that commercial fast reactors will almost certainly be needed "for reasons of safety and fuel cycle efficiency."

It was told by one expert witness that by the time they are ready, they will probably be the safest type of reactor available, by virtue of such features as their low pressure and large heat sink of molten metal coolant.

Opposition during the year's hearing focused on cost and need, and the fact that fast reactors make plutonium more readily than thermal reactors.

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Bourgogne's Cassem system

How French screw can save greenhouse space

GREENHOUSE SPACE could be much better utilised, allowing perhaps 10 times as much food to be grown at much lower cost, according to French inventor Pierre Bourgogne.

Conventionally, when seeds for vegetables like lettuce or cabbages are planted, large spaces have to be left between them to allow for growth to full size. The alternative is to replant at intervals, which is labour intensive and loses a proportion of the plants.

Bourgogne's idea is to use circular growing containers 120 ft across, and filled with a nutrient solution. Underneath is a steel network like a giant spoked wheel laid flat. The spokes are, however, elongated screws with the thread compressed near the hub, and gradually unwinding into a looser spiral towards the rim.

Seeds are sown, from a hopper at the hub, into cartons which move out towards the rim very slowly as the screws turn. The distance between the cartons is therefore increased progressively. At first the plants move about an inch a day, but by the time they are harvested their speed can be an inch an hour. Journey time to the rim is about two months. Artificial light and heat are used so vegetables can be grown all year round.

Mr Bourgogne's scheme, called Cassem, is being officially backed in France. His address is 2bis, rue des Pouchettes, 5 Quai des Etats Unis, F-06500, Nice.

DREXLER TECHNOLOGY Corporation has sold a licence for the use of its LaserCard to Pesch and Company, a fellow US group which has interests in the country's health care market.

The LaserCard uses optical recording on a credit card-sized piece of plastic able to store about 800 pages of conventional text. Drexler has already licensed the card to Blue Cross, the big US medical insurance group, where the idea is to record a complete medical record on an individual's card. In an ambulance or hospital, the card can be plugged in to a reader to reveal the patient's medical history.

WORTH WATCHING

Edited by Geoff Charlton

ELECTRONIC PUBLISHING designed by Intergraph, the US-based computer-aided design company, has gone into action at British Rail Engineering (BRE) in Derby.

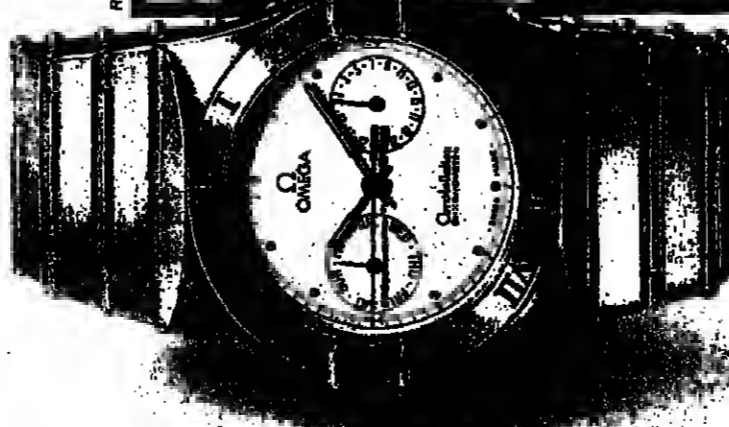
The system will be used for producing instruction manuals and illustrated lists of parts for railway rolling stock. This is Intergraph's first delivery of a publishing system in the UK, although BRE has already used the company's screen and keyboard systems to design its new International Coach.

The software supplied includes word processing and some programs that allow merging of text and graphics and the origination of technical illustrations.

THE COMPUTER-AIDED engineering (CAE) market is suffering from its longest cyclical depression to date, according to UK brokers Henry Cooke Lumsden (HCL).

CAE is an enhancement of computer-aided design (CAD) in which the CAD database of dimensional data interacts with other design and materials information to allow the engineering characteristics of a product to be assessed and varied on-screen. HCL says that all previous slumps have lasted for about 18 months, whereas the current period has run 30 months—longer than the immediately preceding period of prosperity.

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UK NEWS

Software profits forecast 'hit by defence delays'

BY DAVID THOMAS

SYSTEMS DESIGNERS, a leading UK computer software company, yesterday blamed delays caused by the Ministry of Defence's new system of competitive tendering when it announced sharply reduced profit forecasts for 1989.

The company is now forecasting profits for 1989 "not below 25m". It had been hoping for nearly 32m when it announced half-year profits of £3.3m in August.

"The announcement took the City of London by surprise and analysts said that the company's problems should have been apparent when it announced its half-year results. The share price closed 26p down at 50p."

Mr Philip Swinsteel, chairman of Systems Designers, said the company had outstanding bids for 215 contracts worth 68m from the Ministry of Defence. This was double the number at the same time last year.

The company had been expecting decisions on many of these contracts in the autumn, but it now believed decisions would not be made until early next year. The Ministry of Defence said last night that some contracts took longer to award since more companies were now competing for them. But it added: "Companies that we deal with are very well aware that evaluation processes are lengthy."

Systems Designers' announcement comes at a sensitive time for

the UK software industry. Both Logica and CAP, the two other quoted UK software companies, yesterday denied they were having problems with Ministry of Defence work, although their share prices eased slightly.

In June, the Advisory Council for Applied Research and Development, a Cabinet Office body, published a report which was scathing about what it said was the industry's failure to compete vigorously in world markets.

It gave a warning that on the most pessimistic projections "within years only Ministry of Defence-supported firms will remain."

Systems Designers gave the alleged problems with defence contracts as one of four main reasons for its reduced profit forecasts. The others were high investment in and slow sales of its products using Ada, the software language chosen by the US Department of Defence the effort needed to launch its new dealer information systems in the financial sector; and the fluctuating dollar/sterling exchange rate.

Mr Swinsteel said the company had countered these problems by halting all recruitment, switching staff from defence to other work, cutting its research budget and strengthening its management team.

Credit growth 'clouds monetary policy'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

RAPID innovation and increased competition in Britain's financial markets and its impact on the other sectors of the economy has seriously clouded the relationship between the growth of the money supply and the pace of inflation, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, said yesterday.

That in turn had placed in question whether the authorities should continue to set a formal target for sterling M3, the broad money supply measure.

He made it clear, however, that if the formal target was dropped, the Bank would continue to pay close attention to the build-up of liquidity and credit associated with the rapid growth of broad money in judging the stance of its anti-inflation policy.

Mr Leigh-Pemberton used the occasion of the First Loughborough University Banking Centre annual lecture in finance to deliver an exhaustive review of the authorities' monetary and anti-inflation strategy over the last decade.

"The foundations of our present monetary policy were in fact laid in 1976, under a different government from the one we have today. The fundamental objective of policy was then, and remains now, to squeeze out inflation and to create a stable basis for the operation of the economy," he said.

Substantial progress had been made in reaching the fundamental objective of lower inflation but he

said: "It cannot be said that our experience with our chosen framework for operating monetary policy has been satisfactory."

The Bank governor said that targets for the money supply, which initially formed the mainstay of the anti-inflation policy, had been set in the belief that there was a reasonably predictable relationship between the rate of monetary growth and the growth rate of nominal incomes.

"But in practice our ability to use an estimate of this relationship for target setting, and to meet those targets, has, quite frankly, been less than impressive."

In particular only two of the last six annual target rates of growth of sterling M3 had been achieved, yet during the same period the rate of

inflation fell sharply.

Mr Leigh-Pemberton said that the breakdown in the relationship between broad money and nominal incomes (which encapsulate both real growth in the economy and inflation) could be ascribed to a number of factors. These in turn explained why the authorities had not accepted a faster growth rate in sterling M3 than originally envisaged, without jeopardising their inflation objectives.

A key explanation was found in the changing behaviour of financial intermediaries - banks and building societies - in the economy over the past few years.

The removal of exchange controls, of the ending of direct controls on the growth of credit, and the international debt crisis had all

MPs call on BBC to ensure standards

By Michael Cassell

MORE THAN 100 Conservative MPs had by last night signed a House of Commons motion calling on the BBC to ensure that its producers and journalists re-established the highest professional standards.

The move followed an out-of-court settlement on Tuesday in which the BBC agreed to pay damages for libel to two Conservative MPs. An investigative television programme broadcast in 1984 had alleged that Mr Neil Hamilton and Mr Gerald Howarth were among extreme rightwingers who had infiltrated the Conservative Party.

Principal signatories to the House of Commons motion include Sir Marcus Fox, chairman of the 1922 committee of Conservative backbench MPs, Sir Anthony Grant, Sir John Biggs Davidson, Sir William Clark, Sir Edward Du Cann and Sir Peter Hordern, who led the attack on the BBC's professional standards in the House of Commons on Tuesday.

The motion congratulates the two MPs on their court victory.

It says that the motion's supporters are appalled that the BBC persisted with its unsubstantiated allegations, which resulted in a cost of £500,000 to licence holders.

CBI names youngest director general

BY HAZEL DUFFY

MR JOHN BANHAM, Controller of the Audit Commission, will succeed Sir Terence Beckett as director general of the Confederation of British Industry (CBI) early next year.

Mr Banham, 46, will be the youngest person to have held the post since the CBI was formed in 1965. His five-year term of appointment was confirmed yesterday, Mr David Nickson, CBI president, said: "Mr Banham was our unanimous choice."

He added that Mr Banham satisfied all the criteria which the CBI was seeking in its new director general: strong intellect, receptiveness, experience with Whitehall and Westminster, ability to communicate, and experience in UK industry.

Mr Banham became the first Controller of the Audit Commission on its formation in 1983. It is a body which seeks better value for money in local government. Before that Mr Banham spent much of his working life with McKinsey management

Vote on secret briefings

BY PETER RIDDELL, POLITICAL EDITOR

THE parliamentary Lobby journalists yesterday decided to hold a ballot among their 150 members working at Westminster, about whether to continue the practice of non-attendance in briefings by official spokesmen.

The vote was prompted by the decision of the Guardian newspaper to instruct its political staff to attribute such daily briefings given by Mr Bernard Ingham, the Downing Street press secretary, to either Mrs Thatcher's press spokesman or to a Downing Street spokesman. The independent newspaper is boycotting these briefings.

Mr Ingham is opposed to a change in the current practice in view of his position as a civil servant.

About 50 to 60 Lobby members debated the question for nearly an hour and decided that it was necessary to hold a full ballot.

Firms challenged to electronic duel

BY ALAN CAINE

THE STOCK EXCHANGE, stung by criticisms of its computerised system, yesterday challenged its members to an electronic duel.

It aims to prove that Seaq, the automated quotations system which will underpin London's securities markets from next Monday, is performing to specification and fast enough for efficient trading.

A letter to members challenged them to change a stock quote using the exchange's own Level III market-maker terminals from anywhere within the British Isles. "We will tell them within seconds which quote they changed," Mr Michael Newman, head of information systems, said yesterday.

One unnamed broker had already accepted the challenge, he claimed. The change had been identified within five seconds.

The challenge stems from last Saturday's final dress rehearsal before the "Big Bang" - deregulation in the London market - when a number of the bigger market makers had problems linking their com-

puters to the Seaq computers and experienced severe delays in changing their quotes. Delays of between 30 seconds and 20 minutes were reported.

The stock exchange claimed that the central system was working perfectly. Tests showed response times of under two seconds had been obtainable all day.

It blamed faults in market maker systems and wrong usage of the Seaq technology for the delays. One market maker had connected 100 computer screens to a link suited only to 30, it said. The faults in market maker systems had not been detected during tests before Saturday's rehearsal because the testing teams had concentrated on input to Seaq.

They had been complacent about the other parts of the system, Mr Newman said. Seven market makers had sought advice during the early part of the week and no major jobbing firms were in difficulties, according to Mr Newman.

Merseyside prepares sale of the century

BY IAN HAMILTON FAZEY

FOR SALE: 100 Volvo trucks, 100 Leyland Land Trains, 100 Land Rovers, assorted bumper trucks, stone crushers, fire engines and tarmac layers. Only one owner. Much travelled but scarcely used.

In all, there are more than 1,000 items to be auctioned at a sale in Liverpool which is claimed to be the biggest of its kind in Europe. The vehicles and equipment are in pristine condition - some are unused - being they were taken where they are now coming from as back-ups in case anything went wrong.

It was difficult to get spies to the building site concerned, which was on the Falklands. The plant was used for building the island's new airport. It is all redundant now and owned by Truck and Machinery of Dublin, which bought it to sell on.

The experience of Ritchie Brothers, North America's largest auctioneers, has been called in. Its experts are flying in to wield the gavel and expect to

raise more than £10m. It is being billed as Merseyside's sale of the century.

The gigantic, no-reserve-allowed auction will be held in the Liverpool freeport sometime before next March. The Mersey Docks and Harbour Company is feeling very happy because it beat off a challenge from Rotterdam to stage it. Liverpool's freeport status helped in this respect.

The plant from Stanley is being landed directly into the freeport. This means that UK VAT and import duty is deferred until the items pass through the dock gates. Foreign buyers will be able to ship their bargains straight out again and by-pass taxes.

The local man in charge will be Mr Roger Rimmer, managing director of Boundary Plant, Liverpool, which has close associations with Truck and Machinery. To avoid the winter vicissitudes of open quaysides, a fenced village with bars, restaurants, modern telecommunications and translation services will be erected.

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If you would like further information about the development of WHSmith at home and abroad, write to Julian Smith, W. H. Smith & Son (Holdings) PLC, Strand House, 7 Holbein Place, London SW1W 8NR.


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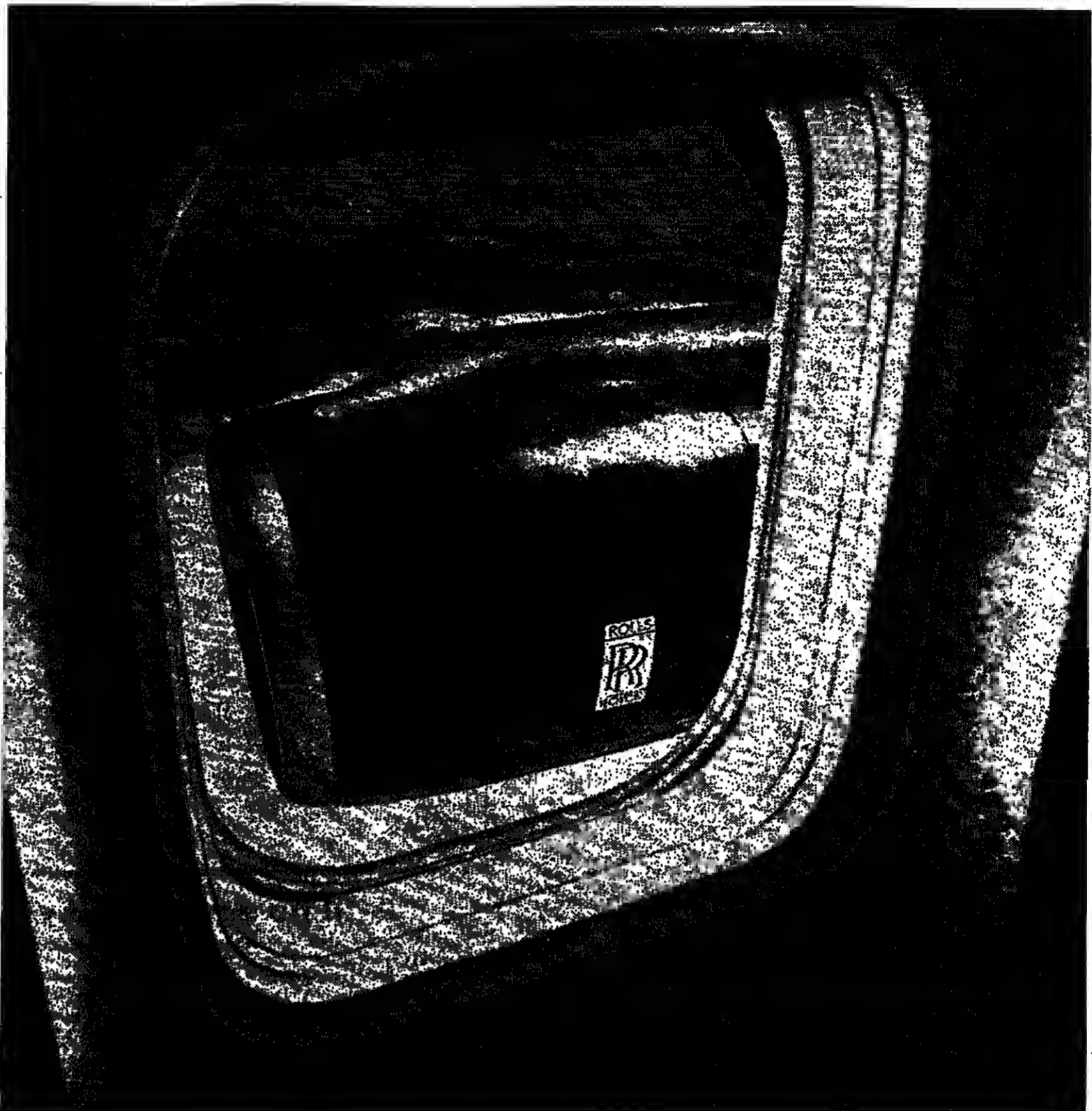
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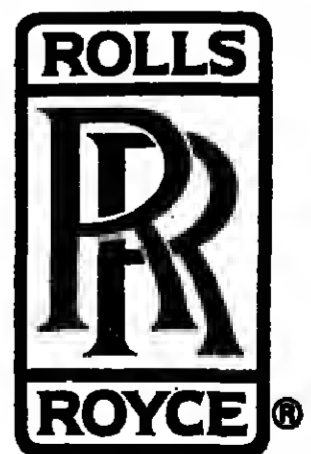
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level, and be experienced in the disciplines of managing a public company.

Age indicator: 40/45 years.

Salary negotiable about £35,000 p.a., car and benefits usual in a major company. Based in London.

Please write stating age, current salary, and how you meet the Client's requirements, quoting reference 175. No information will be disclosed without permission.

William MILNER
Management & Selection Consultant

1 Spencer Parade,
Northampton NN1 5AA.
Tel: Northampton (0604) 253288

1st MOVE A.C.A.

City

c£20,000 + Car + Bonus

Our client is a major US financial services group whose main operations cover the International Equities, Commodities and Capital markets. Formidable growth has been enjoyed by the London Office, both in volume and profitability, over recent years.

Directly responsible to the London Controller, the appointee's duties will include the analysis, supervision and reporting of a broad range of financial accounting tasks. Moreover, a significant contribution will be required in related management reporting areas.

Ideally candidates will be in their mid 20's, with some exposure to the financial services sector and/or international reporting procedures, gained via a respected professional practice.

Please reply in confidence to PHILIP GRIFFITHS
for applications details.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE

Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Accountancy Appointments

Christie-Tyler PLC

FINANCE DIRECTOR (DESIGNATE)

from £20,000 + Car + Profit + Bonus

Christie-Tyler PLC the leading furniture manufacturers in the UK and a member of the Hillsdown Holdings Group, has a vacancy for a Finance Director at one of the subsidiary companies. The person, who is based near Cardiff is fully autonomous and a market leader within the upholstery industry.

Candidates, preferably between 28 and 36 years, must be qualified Accountants with previous experience at a senior level in industry or commerce. The person should have sound commercial awareness and be prepared to take an active role in the general management and development of the Company in addition to controlling all financial and administrative aspects.

This is an excellent opportunity in an interesting environment and offers good prospects for further career development within the group. The package includes £20,000 plus a bonus based on results together with benefits which include a car, pension, free life assurance and BUPA.

Please apply with full career and personal details to: K.C. O'Sullivan, FCA, Group Finance Director, Christie-Tyler PLC, Brynmawr, Bridgend, Mid Glamorgan CF32 8LN.

FINANCIAL SERVICES NORTH WEST

Acquisition and diversification by this substantial, fast-growing, worldwide institution has created the following opportunities, where personal ambition and ability are the only limitations to development.

Chief Accountant

c£30,000, Excellent Benefits

After an initial period of systems and business familiarisation, you will control the management accounts and specialist functions, with responsibility for setting and implementing strategy. Business growth demands timely, accurate information for decision-making and to ensure availability is a primary objective.

Aged 30-40, a graduate and qualified, you will be an experienced manager, preferably within a service industry and certainly be accustomed to working with large, sophisticated computerised systems. Goal-orientated and used to tight deadlines, you must be able to demonstrate a record of significant achievement in your present position.

Job Reference 30074.

Management Accountant

c£18,000, Excellent Benefits

With reporting responsibility for allocated sub-divisions within the Group, credibility of the management information is vital. Working with the operations and systems departments to develop procedures and with functional heads for implementation and achievement of systems integrity, the challenge is large and rewarding. A young qualified accountant with some large system experience, you will be motivated by problem-solving and by influencing action from others.

Job Reference 30075.

Financial Accountant

c£18,000, Excellent Benefits

Responsibility is for the day to day running of one of the financial accounts functions handling high data volumes. Ongoing systems development will involve close liaison with other professionals. Qualified and probably still in your 20's, you will ideally have some staff management experience and be creative, with the energy and drive to lead and achieve results in an active environment.

Job Reference 30076.

The benefits package is what you would expect from a large financial institution. Our client is an equal opportunities employer.

Hoggett Bowers

Executive Search and Selection Consultants

D.A. Teale, Male or female candidates should telephone in confidence for a Personal History Form, 061-832 3500, Hoggett Bowers plc, St. John's Court, 78 Gartside Street, MANCHESTER, M3 3EL.

Nationwide Building Society

a leading financial institution with assets exceeding £11 billion, invites applications from qualified Accountants for the position of

MANAGEMENT ACCOUNTANT

£21,600 + Car and benefits

within the Finance Division of its Head Office in High Holborn

This key post, which has become vacant as a result of internal promotion, provides an excellent opportunity for someone with substantial post qualification experience, gained preferably within the financial sector. It is likely that the person appointed will be aged under 35 and also possess experience of both mainframe and micro computer applications.

As the head of a small professional team, you will have responsibility for the whole of the Society's management accounting function, encompassing budgetary control, forecasts, financial reporting and the detailed analysis of profitability. You will also be expected to play a major part in the further computerization of accounting systems.

The Society is now entering one of the most exciting periods of development in its 102 years history, due partly to the range of business opportunities stemming from new Building Society legislation. Within this environment it is anticipated there will be considerable scope for career advancement.

The Society offers an attractive package of benefits and assistance with re-location will be available where appropriate.

Candidates should send full C.V. particulars, including current earnings, to the address below to reach the Recruitment Manager no later than 3rd November 1986.

RN Wharton Recruitment Manager
Nationwide Building Society
New Oxford House
High Holborn London WC1V 6PW
An Equal Opportunity Employer

YOUNG TAXATION PROFESSIONAL

Develop your career with a leader in the energy field

Central London

c£20k

Our client, one of the largest UK organisations and a leader in the energy field, is seeking a young taxation specialist to play a key role within the small head office taxation team.

Your brief will be both varied and demanding covering the complete spectrum of personal and corporate taxation. Key tasks will include advice to associated and subsidiary companies in respect of investment programmes which will involve research. There will also be compliance work and personal tax advice.

You should be a qualified accountant preferably with a minimum of one year's taxation experience or a trained Inspector of Taxes, keen to develop a career in industry.

This is a challenging role, providing considerable scope to develop your taxation skills, as well as offering very good long term career prospects.

Salary for discussion as indicated plus valuable travel subsidy.

Please write - in confidence - with full personal and career details to Philip Bainbridge, Selection Consultant, ref B.39031, MSL International, 52 Grosvenor Gardens, London SW1W 0AW.

MSL International

Executive Search and Selection

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For further information, call:
LOUISE HUNTER 01-248 4864
JANE LIVERSIDGE 01-248 5205
DANIEL BERRY 01-248 4762

ALPS ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3576 Telex 887374

A varied and interesting appointment - scope to reach the Board of a subsidiary company within 3-5 years

FINANCIAL AND OPERATIONAL AUDIT MANAGER

HONG KONG

MAJOR INTERNATIONAL GROUP - ASSETS OVER £2 BILLION

£25,000 - £34,000 INCOME TAX 17%

This vacancy calls for accountants, (A.C.A. or A.C.C.A.), aged 25-30, who have acquired at least 2½ years successfully heading up consultancy audits or who are fully conversant with conducting Internal audits at a similar level. Responsibilities will cover, through 3 separate teams, the planning, scheduling and control of the Group's financial and operational audit, covering the Group's many interests, mainly in Hong Kong and also in Asia Pacific and Australia. Up to 25% away travel will be necessary. The ability to play a key role in assisting the Group as well as individual units achieve greater efficiencies, both through improved management control systems and training of staff in this area is important. Initial remuneration by way of high basic salary + incentive related inducement, negotiable, £25,000 - £34,000, income tax 17%, contributory pension, provident fund, free medical insurance, plus accommodation and assistance with removal expenses if necessary. Applications in strict confidence under reference FOA119/FT, to the Managing Director.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.
TELEPHONE: 01-588 3576 OR 01-588 3576. TELELEX: 887374. FAX: 01-256 9801

FINANCIAL CONTROLLER

up to £25,000 + car Slough

Our client, a fast-expanding group with turnover in the current year anticipated to be approx £5m, is engaged in the car rental industry with services including the operation of its own fleet, supply to local operators and the provision of other related services.

Due to rapid expansion we are now recruiting for the new position of Financial Controller, reporting to the Managing Director, to take direct responsibility for the accounting function through a staff of six. Key areas include financing and funding of assets, management of credit control, further development of computerised systems and the function of Company Secretary.

Applicants should be aged between 28-32, must hold a recognised accountancy qualification and preferably be educated to degree level. Experience of computerised systems within a broad commercial environment is essential. Motor trade knowledge a distinct advantage.

In addition to salary and a 2-litre car, normal benefits, including family health insurance and pension, will be applicable. A full cv, including details of career and salary progression to date, should be sent to: Haines Watts Recruitment Services, Reference: R108, Palladium House, 1-4 Argyll Street, London W1V 4AD.

Haines Watts Recruitment Services
A division of Haines Watts Financial Services -
Management Consultancy - Executive Recruitment -
Mergers & Acquisitions - Corporate Finance -
Company Filings

Basingstoke — Birmingham — Bradford —
Barnborough — High Wycombe — London —
Oxford — Newport — Nottingham — Reading —
Salisbury — Sheffield — Stroud — Slough —
Wolverhampton.

FINANCE DIRECTOR

London

c£35,000 + Car + SHARE OPTIONS

Hollis PLC, a substantial industrial conglomerate, seeks a Finance Director for its division specialising in the provision of services to the financial and professional sectors. The company is undergoing a period of rapid expansion and plans to quintuple its market capitalisation over the next five years.

Candidates should be well rounded accountants aged 30-40 with a strong technical background, good leadership and communication skills and with considerable experience of developing management information systems. They should also be capable of making a significant contribution to the ongoing commercial development of the division.

Please write to D.E. SHRIBMAN as advisor to the company stating how you meet the requirements and enclosing a curriculum vitae, details of current earnings and a daytime telephone number.

HUDSON SHRIBMAN

THE COMPLETE FINANCIAL SELECTION SERVICE

Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

GROUP FINANCIAL DIRECTOR (Designate)

House-building

c. £30,000 + Car

An expanding private house-building company, looking for a Stock Exchange quotation within 3 years, requires a Group Financial Director - Designate having the experience and flair to undertake the control of the finances of the Company.

This is a particularly challenging position as the successful candidate will play a key role in the period before flotation. There is an immediate need to improve the accounting and reporting procedures and to install new computer based systems.

The Company is located West of London, is profitable and enjoys a high reputation for the quality of its houses.

Candidates must be Chartered Accountants and have had at least eight years experience in industry since qualifying. They must be able to demonstrate impressive career progress, have first class technical skills, a good knowledge of computers, and possess leadership qualities to enable them to direct and control a small accounting team.

A salary of approximately £25,000 per annum is envisaged but this could be increased to over £30,000 through a performance related bonus scheme. In addition there will be a valuable share option scheme. A suitable car will be provided and appropriate pension arrangements.

This is an equal opportunity appointment.

For confidential discussion applicants should telephone: 061-236 1557 or send full CV details quoting ref: DSE 82.

DSE Marketing & Recruitment Consultants

RECRUITMENT Consultants

MANCHESTER HOUSE, 86 PRINCESS STREET, MANCHESTER M1 6NG Tel: 061-236 1557

Ambitious young accountant

Young ambitious chartered accountant for new administrative position as part of a small team supporting the vice-chairman of a large public company. The successful candidate, male or female, will be aged around 25 and should be a self starter with a capacity for detail, organisational ability and a desire to work in an environment of varying tasks and demands. Salary negotiable.

For further information write to P.O. Box A0305, Financial Times, 10 Cannon St, London EC4P 4EY.

Assistant Financial Controller

London EC2

c£27,500 inc. Bonus + Car

As a result of internal promotion our clients, a major international firm of investment managers, require an Assistant Financial Controller. Supported by a small, high calibre team, the successful candidate, whilst being primarily responsible for the group's management accounting function, will also hold a watching brief over the computerisation programme, which is about to enter a further stage of development.

Applicants must be Chartered Accountants, preferably with a degree, aged 28-32, who have already gained post-qualification experience with a major professional firm or in a service environment, are commercially aware, self-motivated and strong communicators. A knowledge of taxation and treasury management would be advantageous. Ref: 1409/FT. Write or telephone for an application form or send full details (with a day-time telephone number and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter

Selection Consultants

Accountancy Personnel

Placing Accountants first

MEDIA/COMMUNICATIONS	ACCOUNTABILITY
CITY £19-24,000 neg	CITY £22,000+CAR
With qualification out of the way, you will offer the commercially pragmatic approach to earn the satisfaction and real time achievement of this offer to directors of 1986. Ref: C6403	... doesn't suit every Accountant. But if you view qualification as a passport to decision making, controlship with newly acquired subsidiary of publishing group should provide stimulus. Ref: GM11
63/65 Moorgate, EC2R 6BH 01-638 3955	9 Eastcheap, EC3M 1BN 01-626 0688
FINANCIAL ACCOUNTANT	STOP PRESS!
CENTRAL £19,500+BENEFITS	W1 £17,500+CAR
Internationally respected stockbrokers offer an exciting, challenging opportunity to highly motivated. Qualified Accountant able to produce high quality results in a changing environment. Rapid career progression envisaged. Ref: C6300	Thriving, USM-bound advertising group seeks ambitious, Qualified Accountant for future directorship! Systems and man-management bias strongly preferred; substantial package; includes share option, BUPA. Ref: CM15
307/8 High Holborn, WC1V 7LR 01-404 4561	79 New Bond Street, W1Y 9DB 01-493 3813

Accountancy Appointments

SHARE IN THEIR SUCCESS
SENIOR MANAGER - FINANCIAL ANALYSIS
 - London

Investigation of relevant company law, tax regulations and market implications.

In the prevailing atmosphere of dynamism and energy you will be offered tremendous personal challenge and satisfaction. Aged early 30's, a graduate qualified ACA from a Big Eight public practice, you will probably have spent at least three years in the commercial, industrial or financial sector, demonstrating a high level of achievement.

Candidates who can combine the above requirements with presence and first class interpersonal skills can be assured of excellent remuneration and career prospects.

Personnel Resources

To discuss the appointment in detail telephone Jane Estroff on 01-242 6321 or send CV to Personnel Resources, 75 Great Inn Road, London WC1X 8US.

Deregulation and heightened competition are altering the shape of the financial services market. As one of the UK's largest financial banking groups, our client has reacted quickly and effectively, ensuring maximum diversification and profit potential.

To strengthen their high calibre team of finance executives a senior management position has been created. Working at the sharp commercial end of the spectrum, you will liaise directly with general managers including the interface with the Merchant Bank and Treasury.

Your immediate objective will be to produce imaginative and commercially sound proposals to exploit business opportunities. This will involve detailed financial analysis and interpretation of complex issues, including an

International Careers

Young Accountants


British-American Tobacco Company Limited is part of B.A.T Industries whose turnover is in excess of £12,600 million. We operate worldwide with companies in over 50 countries and we are looking for ambitious accountants to develop a career in financial management.

You should be aged under 28, a graduate either ACA or ACMA currently employed in industry. You should now feel ready for a significant career move and have a desire to live and work overseas.

Your first appointment could be anywhere in our worldwide sphere of operations - Latin America, the Caribbean, Africa, Europe or the Far East - and is planned to rapidly build up your financial management skills and knowledge of our business.

For your future our policy is to offer positive career progression - in this case through a series of both international and UK assignments - to top management appointments in Finance and General Management. Posts command attractive starting salaries supported by a range of expatriate benefits.

Please write for an application form and further information to: **Geraldine Cable, British-American Tobacco Company Limited, Westminster House, 7 Millbank, London SW1P 3JE.** Alternatively phone 01-222 2610 and listen for details.



Group Finance Director (Designate)

London & Essex to £27,500 + car

Our client is a young dynamic PLC within the telecommunications industry. Exciting business plans have recently been agreed based upon a fresh injection of institutional finance which along with reinvested profits will allow major new product development. The Group already has an impressive blue chip customer base and is looking forward to a promising future.

There is now an immediate need for a high calibre manager to head up the financial function and to play an essential role in the Group's continued success.

The Group has offices in London and a factory in Essex. Your time will be shared between the two locations.

The role is one which will demand the combination of hands-on involvement, including the introduction of new computerised systems, as well as the ability to represent the company to banks, investors and auditors. Above average flexibility, commitment and communication skills will be essential personal requirements.

The successful candidate will be a qualified accountant (probably an ACMA/FCMA) having a clear intention to join a company with a short but successful track-record. You will be well versed in systems development in a manufacturing and marketing environment and are likely to be in your mid-thirties.

The competitive package reflects the importance of the position and it is intended that share options will be available after an initial period. Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive C.V. and daytime telephone number, at 39-41 Parker Street, London WC2B 5LH, quoting ref. 359.

Michael Page Partnership
 International Recruitment Consultants.
 London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
 A member of Addison Consultancy Group PLC

PROSPECTIVE NATIONAL TAX PARTNER

PERSONAL FINANCIAL PLANNING

ACAs 28-35 London to £40,000


Our client is a fast growing medium sized firm of chartered accountants seeking a prospective national tax partner to develop personal financial planning services to existing and potential clients. There will be early access to a core portfolio of high net worth individuals but the emphasis in the role will be to develop and market the firm's services; personal financial planning, personal taxation, inheritance tax, trusts etc. to new clients. The role will also provide a focal point for advice to the firm's offices outside of London.

Candidates (male or female) should have a first class background in personal tax work in public practice and should be able to demonstrate the qualities to achieve partnership either immediately or within the short term.

If you wish to be considered, please send your C.V. and Tax Technical C.V. to George Osmrod R.A. (Caxx) at our London address quoting reference No. 7165.

410 Strand, London WC2R 0NS. Tel: 01-836 8801
 163a Bath Street, Glasgow G2 4SQ. Tel: 041-228 3301
 113/115 George Street, Edinburgh EH2 4JN. Tel: 031-228 7744
 Becket House, 77 Fenchurch Street, Manchester M2 2EZ. Tel: 061-238 1833

DOUGLAS LAMBLAS
 Douglas Lambias Associates Limited
 Accountancy & Management Recruitment Consultants



Cranfield FINANCIAL CONTROLLER

Bedfordshire to £25,000

Cranfield Institute of Technology has a high reputation for its services to industry in the UK and internationally in numerous areas of technological and management advancement. The Institute currently operates at Cranfield and Silsoe in Bedfordshire and at Sharnham in Oxfordshire. Of the present turnover of £50m, some 85% is obtained from sales of services to industry. Substantial further growth is anticipated.

Functionally responsible to the Director of Finance, the financial controller will have a staff of 36 covering all aspects of budgetary control, accounting and management information for operating units at Cranfield which have a combined turnover in excess of £30m.

Applicants for this position must be well educated, qualified accountants who have attained management positions in industry. Alternatively, a management role in the accountancy profession may have provided appropriate experience. It is anticipated that this person will be heavily involved in computerisation and would be expected to have a high level of interest in the general advancement of technological development and education. Working with highly qualified colleagues, a confident and competent personality is essential.

In the first instance please send brief personal and career details to Douglas G Nixon quoting reference F836M at Ernst and Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

MANAGEMENT ACCOUNTANT

Excellent Salary Negotiable Southampton

TELEVISION SOUTH PLC, the largest of the ITV Regional Companies, controls the independent programme service each day to some five million viewers throughout the South and South East of England.

The Company requires a Management Accountant for TVS Production Ltd, the main production company with studios in Southampton and Maidstone which provide programmes for TVS, the ITV network, Channel 4, and the world market. The successful candidate will be a member of a small Management Accounting team and be responsible for all aspects of budgetary control including direct costs, overheads and capital relating to the production service.

Reporting to the Finance Director, this key appointment calls for innovative problem solving ability and good inter-personal skills necessary for close co-operation with other areas of the organisation. Experience of computer Accounting systems and micro-computer applications is desirable. There are good prospects for career advancement within the Television South Group.

Candidates, preferably qualified ACCA/ACMA and aged 27-32 with 2/3 years experience since qualifying should apply in writing with a full c.v. to: Ray G. Skinner, Consultant.

Senior Management International
 Executive Search Consultants

Landsker House
 19, Charing Cross Road
 LONDON WC2H 0ES

Joint Ventures Accountant

Elf UK PLC, the subsidiary of one of the world's leading energy companies, has substantial interests in the exploration and production of oil and gas both onshore and offshore.

We require an experienced Joint Ventures Accountant to become involved in all finance-related aspects of our joint venture activities. Responsibilities include the monitoring and preparation of billing statements, the review and initiation of cash calls, involvement in the negotiation of relevant sections of new agreements and liaison with technical departments on budget and cost control aspects of all joint venture activity.

Candidates are likely to be part-qualified accountants with several years relevant oil industry experience.

A competitive salary will be offered together with a first class benefits package.

Applicants should write with full career details, including current salary to: Mrs. Hilary Jeanes, Personnel Manager, Elf UK PLC, 197 Knightsbridge, London SW7 1RZ.



FINANCE DIRECTOR

West Yorkshire £27,000 + Prestige car + benefits

Our client is a privately controlled group at an exciting stage of development. Its principal interests lie in the distribution and transportation of consumer products throughout the UK. The company has ambitious growth plans for the future.

Applicants for the position of Finance Director should be young (probably aged 27 to 32) graduate accountants (ACA preferred) with above average technical competence gained within a challenging commercial environment. The job encompasses all aspects of financial management as well as responsibility for the finance and DP departments. The company utilises up-to-date computer technology.

If you have the flair to operate effectively in a fast moving and demanding commercial environment calling for total commitment but offering an exceptional salary and benefits package, this appointment offers considerable scope for involvement in the commercial decision making of the business.

For an early interview please apply to Brian Daniels, (Managing Director), Daniels Bates Partnership Ltd., Leeds Office, Tel: (0532) 461671, quoting ref: 86/2233FT.

Daniels Bates Partnership
 PROFESSIONAL RECRUITMENT

Daniels Bates Partnership Ltd., Josephine Well, Hanover Walk, Park Lane, Leeds LS1 1AB. Tel: (0532) 48571 (9 lines 24 hours). Also at: Forefield Practice, Leopold Street Wing, Sheffield S1 2GZ. Tel: (0142) 734815

DIRECTOR FINANCE & OPERATIONS

Wimbledon Neg to £35K

Our client has achieved impressive growth (profitable turnover approaching £3M) since it was established in 1978. There is an impressive blue chip customer base. The Board wishes to appoint a Director to take charge of finance and operations, freeing the founders to focus on sales and marketing to exploit the further growth potential of the company.

He or she will be an accountant with solid commercial experience, preferably in a manufacturing-orientated industry. Organisational, leadership and diplomatic skills will be critical in this pivotal job.

Salary negotiable to £35K, depending on qualifications and experience. Pension. Medical insurance. Car. Assistance with relocation if necessary.

For further details and an application form please telephone Windsor (0783) 867175 (24 hours) quoting ref DM/625.

3i Consultants Ltd
 Human Resources Division

Financial Accountant

£17,000 per annum

A leading Architectural Practice in London, W.I., require a recently qualified chartered accountant. Ideally seeking their first move into the commercial environment.

The successful candidate will be responsible for maintaining financial and accounting records for the Partnership which will involve consolidation and interpretation of information from many sources.

Please apply in writing "in confidence," with full details and current salary, to:

The Personnel Assistant,
 The Fitzroy Robinson Partnership,
 77 Portland Place,
 London W1N 4EP



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 23 1986



Offshore order lifts Swedwards turnover

By Sara Webb in Stockholm SWEDYARDS, the Swedish state-owned shipbuilding and engineering group, reported profits (before allocations and taxes) of SKr 50m (\$10.1m) in the first eight months against SKr 30m in the corresponding period last year.

Skandia sees 165% rise at year-end

By Sara Webb in Stockholm SKANDIA, the Swedish insurance group, expects operating profits for the year to reach SKr 350m (\$51m), an increase of 165 per cent on the 1985 figure of SKr 132m.

Postipankki in bank purchase

By Olli Virtanen in Helsinki POSTIPANKKI, Finland's post office bank, has bought the Mortgage Bank of Finland, which used to be the foreign borrowing arm of the Bank of Finland.

Comsat alters focus following merger

By William Dullforce in Geneva COMMUNICATIONS Satellite (Comsat) intends to refocus its efforts on military and civilian work for the US Government and its private satellite systems for US business following its merger with the US telephone company, Contel.

Johnson & Johnson up strongly despite charges

BY DAVID BLACKWELL IN NEW YORK

JOHNSON & JOHNSON, the leading US maker of health-care products, has announced a strong third-quarter advance in profits and revenues.

Fairchild Industries returns to profit

BY OUR NEW YORK STAFF

FAIRCHILD Industries, the US aerospace group which was hit by heavy losses on a joint project with Saab of Sweden last year, returned to profit in the third quarter of \$7.6m against a loss of \$71.5m in the same period of 1985.

Christiania Bank hopes to see further growth

BY OUR OSLO CORRESPONDENT

CHRISTIANIA BANK, Norway's second largest banking group, reported a 52.2 per cent rise in pre-tax profits for the first eight months of 1986: The pre-tax profits were Nkr 904m (\$124m) compared with Nkr 594m a year earlier.

CIC expects slowdown

BY DAVID HOUSEGO IN PARIS

CREDIT INDUSTRIEL Et Commercial (CIC), the fourth largest French banking group, yesterday reported a 70 per cent rise in pre-tax consolidated profits for the first half but does not expect to maintain the same momentum throughout the year.

withdrawal from making and distributing medicines in capsule form. The last decision followed the poisoning of some Tylenol painkiller capsules, the group's most popular and profitable product, which is being marketed in alternative forms.

Recovery at FCA continues

By William Hall in New York

FINANCIAL Corporation of America (FCA), parent of the West Coast savings bank group which almost failed in 1984, is continuing its financial recovery and earned \$11.6m in the third quarter after a three-fold increase in its loan-loss provisions to \$76.2m.

German deal for Cap Gemini

By Our Paris Correspondent

CAP GEMINI Sogeti, France's leading computer services company, yesterday strengthened its position in West Germany with the purchase of a German industrial data-processing group.

CIC expects slowdown

BY DAVID HOUSEGO IN PARIS

1985 to FFf 92m for the same period of this year. The increase was despite a sharp rise in provisions which rose from FFf 38m to FFf 76m.

in the US, edged ahead in the third quarter. Profits reached \$48.1m, or 68 cents a share, against \$46m, or 58 cents last time.

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By Our Paris Correspondent

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Setback for Wang in first quarter

By Terry Dodsworth in New York

WANG LABORATORIES, the struggling Massachusetts-based office equipment manufacturer, suffered a further setback in the first quarter of its current fiscal year when it lost \$30m against earnings of \$7m in the same period last year.

Recovery at FCA continues

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German deal for Cap Gemini

By Our Paris Correspondent

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Salomon Inc boosted by securities business

BY RODERICK ORAM IN NEW YORK

SALOMON Inc and Morgan Stanley, two leading Wall Street firms, have reported higher third-quarter earnings from securities business although Salomon's overall result was dragged down by its Philip Brothers commodity operations.

Ashland Oil climbs to \$208m for year

BY OUR NEW YORK STAFF

ASHLAND OIL, the biggest independent refiner in the US, has posted its best year-end result since 1979, with net income for fiscal 1986 at \$208.6m, or \$8.15 a share, compared to \$148.7m, or \$4.12 a year ago.

German deal for Cap Gemini

By Our Paris Correspondent

CAP GEMINI Sogeti, France's leading computer services company, yesterday strengthened its position in West Germany with the purchase of a German industrial data-processing group.

The results included a \$3m charge in the latest quarter from the repurchase of an additional \$21m of the company's debentures and a gain in the nine months of 1985 of \$11m from the disposal of a marketable security.

Ashland Oil climbs to \$208m for year

BY OUR NEW YORK STAFF

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CAP GEMINI Sogeti, France's leading computer services company, yesterday strengthened its position in West Germany with the purchase of a German industrial data-processing group.

in the second quarter. Year-on-year, however, all Fibro operations were down. Morgan Stanley reported third-quarter net income of \$39.53m, or \$1.57 a share, compared with \$25.8m, or \$1.30 a year earlier.

Weyerhaeuser boosted by lumber sales

By Our New York Staff

WEYERHAEUSER, the US forest products group, reported a 61 per cent rise in third-quarter net profits on the back of strong lumber and plywood markets and continued improvement in pulp and container-board markets.

Advertisement for CITIC (Guangdong International Trust and Investment Corporation) featuring Japanese Yen Bonds - First Series (1986) with 6.1% Bonds Due 1996. Lists various securities companies like Daiwa, Nikko, Yamaichi, etc.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Two-tranche convertible deal for Bell Resources

BY CLARE PEARSON

ATTENTION in the Eurobond market focused yesterday on a \$500m equivalent two-tranche convertible deal for Bell Resources...

may be put by investors after five years at a price to give a yield of between 8 and 8 1/2 per cent. The Swiss franc bond may be put after eight years at 127 1/2 to give a yield of 6.12, and after eight years also may be called at par.

Credit Suisse led three private placements for Japanese borrowers. Hokuriku Electric Power made a SFr 120m issue with a five-year maturity, 4 1/2 per cent coupon and 100 1/2 per cent pricing.

Sydney launches US T-bond futures

By Alexander Nicol

THE SYDNEY Futures Exchange today launched a futures contract based on US Treasury bonds which will be interchangeable with an identical contract traded on the London International Financial Futures Exchange (Liffe).

The link is an important step in the development of renminbi-clock trading in US Treasury bonds and related instruments, Sydney's aim - and that of a contract launched in Singapore earlier this month - is to fill the gap in the time zones between the US and European trading days.

Coca-Cola's \$1.5bn offer could be going better, reports William Hall Wall St baulks at price of Coke

DIET COKE, Tab, Sprite, Caffeine-free Coke, Cherry Coke, Coca-Cola Classic. With the efficiency of a well-oiled machine, the biggest soft drinks company in the world rolls out one successful product after another.

estimated price of between \$21 and \$24 per share which they are being asked to pay for CCE's 71.4m share offering.

CCE should not be valued by the stock market's traditional criteria of earnings multiples and yield. Coca-Cola has been buying and selling bottling companies for several years as part of an overhauling of its distribution system and has developed a sophisticated cash flow model which it is now applying to value CCE.



Mr Brian G. Dyson, president and chief executive of Coca-Cola Enterprises

With a staff of 21,000, a fleet of 13,300 delivery vehicles and annual sales of over \$8bn, Coca-Cola Enterprises (CCE) is the largest bottler of Coca-Cola soft drinks in the world and Coca-Cola is planning to sell a 51 per cent stake to the public for around \$1.5bn which would make it the biggest initial public offering in US history.

At a price of \$22.50, CCE would be selling at a multiple of more than 100 times 1986 earnings and yielding a nominal 0.2 per cent. Coca-Cola itself is selling at 18 times earnings and yielding around 2.8 per cent. Over the last five years

CCE's prospectus notes that "Management views the long-term generation of cash flow from operations as one of its primary performance objectives" and it intends to "utilize financial leverage and cash flow generated from operations to support capital expenditures and possible future acquisitions of bottling territories."

Table with 2 columns: Year, Net operating income, Operating expenses. Rows for 1983, 1984, 1985, First-half 1986.

Coca-Cola's view is that CCE should be valued on the basis of its enormous cash flow and when seen in this light an offer price valuing the company at between nine and 10 times cash flow is nowhere near as greedy as the traditional stock market multiples suggest.

The reasons why Coca-Cola has created CCE are sound enough. American diet soft drinks a year, compared with an average consumption of 118 a year in the rest of the world and Coca-Cola is anxious to maintain, and possibly strengthen its 39 per cent share of the \$24bn a year US soft drinks market by taking tighter control of its more than 100-strong network of independent bottlers.

Volunteered in the US soft drinks industry has been growing at a steady 4 per cent a year and the offer prospectus indicates that CCE's own volume growth has been running at 7 per cent a year. CCE is a growth company but what is worrying some institutional investors is the

compounded annual return for investors in Coca-Cola stock (stock price appreciation plus dividends) has averaged 24 per cent almost double the 13 per cent of the Standard & Poor's 500 index.

Austria to issue schilling floating-rate notes

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN Government is expected to launch its first ever schilling-denominated floating-rate note issue this week in a move aimed at broadening the Austrian capital market and the choice of financing instruments.

Sch 1.5bn (\$107m) test issue, which is aimed primarily at foreign investors, the authorities will formally establish a Vienna Interbank Offered Rate (Vibor) modelled on London's Libor. The Vibor rate will be set daily by averaging rates offered for borrowing over three months by a group of six Austrian banks.

Supporters of these moves say that they will provide the basis for the development of a new domestic floating-rate note market. Until now there have been no floating-rate note issues in Austria.

group of about 15 international banks. Discussions about conditions for the issue were continuing last night but officials said that terms had practically been agreed and that the issue will be for seven years at a percentage point above Vibor and priced at par with the subscription period ending on October 30.

Credito Italiano plans L562bn fundraising

By Alan Friedman in Milan

CREDITO ITALIANO, Italy's fourth largest bank in terms of assets, yesterday unveiled plans to raise L562bn (\$41m) by means of a L300bn nominal increase in capital.

The increase follows a similar move last month by the Swiss Bank Corp, which like Credito Italiano is a state-controlled institution and part of the IRI state holding group.

The Credito Italiano capital increase requires the approval of a shareholders' meeting called for December 5. The move comprises two parts. A L175bn scrip issue would provide three ordinary or savings shares for every 20 already held. A L225bn rights issue would offer nine new ordinary shares for every 20 held.

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Sterling paper for Norcross

By Our Euromarkets Staff

NORCROS, the UK building products, print and packaging concern, is the latest of a growing number of borrowers to arrange a sterling commercial paper programme.

The £100m programme will enable it to issue commercial paper in sterling and dollars as an alternative to existing financing sources.

Citico Investment Bank, County Nat-West Capital Markets and Morgan Grenfell have been appointed dealers.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Table with columns: Issuer, Issue, Maturity, Yield, etc. Includes entries for US Dollar, Sterling, and other currencies.

YEN STRAIGHTS: Amer. Exp. 05 Cr. 92 AS, Amer. Exp. 05 Cr. 92 AS, Amer. Exp. 05 Cr. 92 AS, Amer. Exp. 05 Cr. 92 AS, Amer. Exp. 05 Cr. 92 AS.

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UK COMPANY NEWS

Avis Europe prepares for £278m market debut

BY TERRY FOVEY

AVIS EUROPE is to join the market on November 12 at £278m in one of the largest flotations so far this year...

Table with 2 columns: Year end Feb, 1982, 1983, 1984, 1985, 1986. Rows include Fixed assets, Vehicles, Total assets, Net debt, Net assets.

The offer will raise £177m net of expenses... Avis Europe will remain with Avis Europe, formerly the Europe, Middle East and North Africa region of the US company...

times prospective earnings... Avis Europe will pay £15m for the exclusive right to use the Avis name in this area for 50 years...

that Avis Europe's gearing looked high but he pointed out that about half of total assets were cars which could readily be sold...

Of the 72m shares on offer at least 10m are to be offered to European investors who may also apply for a further 10m shares. In addition, £6m-worth of 10.25 per cent cumulative preference shares (redeemable in 1991) are to be issued to institutions.

Pre-tax profits have risen from £13.9m on sales revenue of £127m in 1981-82 to £25.4m in 1985-86. Avis is forecasting at least £33m pre-tax for the present year and a final and total dividend of 8.5p.

Mr James Morley, group finance director, said that the profile of Avis Europe's debt had changed in the last year. This was reflected in the shift from short to longer-term debt during the first few months of 1986-87.

BCE Holdings on cue for USM

BY ALICE RAWSTHORN

BCE Holdings, a manufacturer and distributor of snooker tables and accessories, is joining the Unlisted Securities Market through a placing of shares which will value its business at £10.6m.

major international professional snooker tournaments. It ran into problems in the early 1980s when it first diversified into Canada, but the company has since recovered to produce pre-tax profits of \$267,000 (£613,000) on turnover of £11.13m (£7.76m) in the year to March 31.

offer price. All the proceeds of the flotation—around £2.55m—will be ploughed back into the company.

The company began life as Bristol Coil Equipment operating amusement arcades in the West Country. In 1979, when the snooker craze was in its infancy, it diversified into the manufacture and distribution of snooker tables, cues, balls and accessories.

In the placing BCE will release 7.24m shares, or 25.9 per cent of its equity, at 85p a share. The board anticipates profits of at least £1.1m in the current financial year producing earnings per share of 8p and a prospective p/e of 12.6 at the

Mr David Fisher, the chairman, says that the capital will be used initially to eradicate borrowings but will then be invested in a new distribution centre in Belgium in order to nurture the incipient snooker market in Europe—and to develop a cue manufacturing plant in Canada to open up the North American pool market.

Once the company is established on the USM it intends to embark upon acquisitions.

Tootal bids £18.5m for Sandhurst Marketing

By Nikki Tait

Tootal, the threads and textiles group, yesterday announced an £18.5m agreed bid in paper and cash for Sandhurst Marketing, which markets and distributes stationery and office equipment.

The acquisition is the first made by the new management as part of their growth strategy. According to Mr Geoffrey Maddrell, who moved in as managing director of Tootal last February from Bowater Industries, the company has targeted stationery—especially direct and commercial—as a growth business where design and marketing skills similar to those used in its textile business could be employed.

Sandhurst is one of the largest stationery distributors in the £900m UK market—it is a major competitor of Cartwright Brie, owned by Hillsdown Holdings, who also had taken and customers range from City firms like Hill Samuel to Kodak.

However, the recent profits record has been patchy, with the pre-tax figure falling from £1.7m in the year to end-July 1985 to £1.05m in the following twelve months. Debt, moreover, have risen to around the £8m-level, over 100 per cent of shareholders' funds, partly as the result of moving to a new £4m office/warehousing complex in Horsham where Sandhurst owns the freehold.

Tootal is offering one new share for each Sandhurst share held, with a partial cash alternative of 85p. Tootal shares fell 2 1/2 to 80p on the news, while Sandhurst was unchanged at 85p.

The cash option is restricted to a total of £12m. Tootal is a subsidiary of Morgan Grenfell, Tootal's advisers, have underwritten the cash alternative at 85p, so the maximum cost to Tootal will be £224,000.

Acceptances have already been received in respect of 63.8 per cent of the Sandhurst shares, including those held by the nursery and the founding Hulme family.

Mr Maddrell plans to reduce debt by renegotiating existing finance leases and possibly making some small disposals, and pre-tax profits are forecast to recover to £1.5m in the current year.

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Application has been made for the Notes in bearer form in denominations of US\$10,000 and US\$50,000 and in registered form in amounts of US\$10,000 or integral multiples thereof...

Particulars relating to the Republic of Italy and the Notes are available from Exel Statistical Services Limited and copies of the particulars relating to the Notes may be obtained during normal business hours up to and including 27th October, 1986...

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23rd October, 1986

GLOBAL TREASURY SERVICES USING ANZ, AN OUTCRY ON LIFFE CAN BE HEARD ON THE SYDNEY FUTURES EXCHANGE. ANZ are traders and dealers on LIFFE, and have been from its inception...

Public Works Loan Board rates table showing interest rates for various terms from 1 year to 25 years.

Two directors quit board of ATA Selection. ATA Selection, the USM quoted recruitment consultancy, yesterday announced the resignation of its managing director, Mr Geoffrey Fox, and its financial director, Mr Bernard Farmer.

New managers at Wemyss. Wemyss Investment Trust has awarded its management contract to a new joint venture between Industrial Finance and Investment Corporation, a financial trust, and APA Holdings, insurance and financial services subsidiary of Unity Corporation of Australia.

I.G. INDEX FT for November 1,264-1,271 (-3) Tel: 01-628 5693

Contracts & Tenders INVITATION FOR BIDS. 1) The Republic of Turkey has received a loan from the International Bank for Reconstruction and Development (IBRD) in various currencies towards the cost of the Third Ports Project...

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Company Notices CENTRAL-EUROPEAN INTERNATIONAL BANK LTD \$ US 30,000,000 FLOATING RATE NOTES DUE 1996. SOCIETE GENERALE ALSACIENNE DE BANQUE \$ US 40,000,000 FLOATING RATE NOTES DUE 1995.

THE FINANCIAL TIMES is proposing to publish a Survey on MANAGEMENT EDUCATION AND TRAINING on THURSDAY NOVEMBER 20 1986. The advertisement copy date will be Thursday November 6 1986. For a full editorial synopsis and details of advertising rates, please contact: PENNY SCOTT Tel: 01-248 8000

BUSINESS LAW

Mammoth task of dealing with fraud

By CELIA HAMPTON

"I CANNOT define an elephant, but I know one when I see it." Fraud is itself an elephant, and it has espoused another, "dishonesty."

Law-makers, judges and writers like these elephants because the common jurymen can be expected to grasp the idea easily and mould it to the current moral mood. Their function is to draw the line between dishonourable conduct, for which the retribution may be a liability to pay damages, and fraud, for which the retribution is prison.

The Theft Act provides two important crimes— theft and obtaining by deception—and a range of others capable of dealing with fraud. The intention was to draft the Act in simple language within the ordinary person's concept of stealing, etc. This, not unpredictably, has not been borne out by experience of its working.

Another simple offence— conspiracy to defraud— necessarily involves two or more people, but has great potential to curb unacceptable conduct.

On top of these is a battery of statutory offences, such as insider dealing, which meticulously and at great length define conduct that merits prosecution and punishment but does not come within the common dishonesty of basic fraud.

However, the impact of many of these on behaviour is not always striking. Prosecution needs society's support, and the results on insider dealing speak for themselves. Of 84 cases referred to government since 1980, only five had been prosecuted by March 1986. The Stock Exchange has been vigilant, but the public will, as expressed in the public purse, has not been roused. The US Securities and Exchange Commission has a whole division devoted to this matter alone, but the SEC costs the US taxpayer a lot of money.

There is no doubt, even in the City, that the impending tumult is likely to give a great many opportunities for unacceptable conduct and a good few for fraud proper.

Vigilant enforcement and a vigorous law are both imperative. The law can be more than a safety net. It can guide commercial practices and promote honesty, not merely catch the malefactor once the harm is done.

The Government, Parliament and the City itself have not given the change-over time or a fair chance. The result must be confusion.

The technology of fraud has outstripped the comprehension

of the ordinary lawyer. The civil law is slow to adapt. Basics of electronic funds transfer (who pays what, when, to whom?) remain opaque.

Some problems will undoubtedly be resolved, probably quite soon, when there is the first serious collapse. New areas of conflict of interest, for instance in a firm offering its own wares for sale to clients it is supposed to be advising impartially, will challenge a law concerned in a gentlemanly way with agents accounting for secret profits. What can it have to say about selling the shares in a new issue before any shares exist? Will the City's trade bodies' rulebooks, which will have some legal force in disputes, provide the necessary law codes? This is an odd form of legislation. Without serious thought, the law could come to be seen as either ingenuous or irrelevant.

The apparent lack of preparation is alarming. The speed of passing the relevant measures must preclude sensible analysis before they become law. Would a constitutional provision to allow bills like the Financial Services Bill to be held over in their current state to the next parliamentary session be such an abomination?

The criminal law has more need of certainty even than the civil law. Earlier this month the Government gave the go-ahead for new enforcement machinery—the Serious Fraud Office—and procedural improvements.

How fit is the ordinary man's criminal law to take it on? It was recently helped by a House of Lords ruling, cancelling its own 1984 ruling which had set up an absurd technicality about not charging a conspiracy to commit some other offence, however trivial, could be proved. This had defeated prosecutions for major frauds. "It is so important to appreciate that judicial language has no legislative force," said Lord Bridge.

The development of fraud law in Canada has been explored in a helpful book published this summer. The Supreme Court's formulation of fraud in powerful but easily understood terms grew out of the law which Canada shares with England. The concepts are common, but the Canadian wins at the moment on clarity.

The underlying Canadian law has an advantage in the Criminal Code which, since 1948, has provided an offence, which may be done alone, for anyone "who, by deceit, false-

hood or other fraudulent means ... defrauds the public or any person, whether ascertained or not, of any property, money or valuable security." The second half of the section applies similar criteria to "affecting the public market price of stocks, shares, merchandise or anything that is offered for sale to the public."

The case involved a takeover, funded by the target company's assets, which replaced the target company's blue-chip stock portfolio with a much more speculative investment in another company. This acquisition was not treated as fraud, and the court did not treat as decisive the fact that the defendants used the target company's assets to acquire it. Takeovers often involve complex money movements.

If corporate funds are put at risk, there must be a legitimate business reason for it, considered from the company's point of view. If the risk is for personal ends, there is likely to be fraud.

Fraud involves dishonesty and deprivation. Deprivation does not necessarily entail actual economic loss. It can be prejudice or the risk of prejudice to economic interests. An asset at risk has a lower value than an asset not at risk, so the deprivation can be financially measured.

The case is not inconsistent with English law and the clarity is compelling. "Dishonesty" means, roughly, conduct which ordinary people would recognise as discreditable since it is contrary to straightforward honourable dealings.

But there is still room for despair. In July 1985, the Court of Appeal ruled that using a cheque card dishonestly when there is not enough money in the account to cover the cheque cannot be theft. It was not an assumption of the rights of the bank, and

so not an appropriation of another's property, but it merely gave the payee a contractual right to be paid by the bank. So much for simple language.

The judges could also try to come nearer to common men's thinking. In another context— bankruptcy— Mr Justice Millett ruled that, when a credit company folds up, the unpaid supplier cannot go for payment to the cardholder direct if the cardholder's obligation to pay the company had not matured at the time of the insolvency: the filling station could not get money for the petrol "sold" on the card, and the driver got a free tankful of petrol. What was remarkable about this unfortunate finding— based on the timing of the various contracts— was that the judge reached his conclusion because, in his view, this conformed to the general public understanding. He should perhaps take a walk out of the Chancery Division into the Strand to see how many people would agree. He might not like the ones who did.

Clear perception of the underlying principles is what is needed. Over-precise definition deepens obscurity.

The elephant is "a huge quadruped of the pachyderm order having long curving ivory tusks and a prehensile proboscis." Pachydermata are an order of mammalia (now discarded) consisting of the hoofed or ungulate quadrupeds which do not end with cud, such as the elephant. . . . But how long is "long," and how big is "huge?" The "proboscis" itself is defined as "an elephant's trunk"— and so on. It is not helpful.

R v Cooke (1986) 2 AER 985, 1 J Douglas Ewart, "Criminal Fraud" (Carwell), The Supreme Court case is R v Olan (1978) 2 SCR 1175. R v Aisvadi (1986) 3 AER 1102. R v Charge Card Services, FT Commercial Law Reports, June 18 1986.

FINANCIAL TIMES SURVEYS

The Financial Times proposes to publish a **DISTRIBUTION SERVICES SURVEY** on December 5, 1986.

The following subjects will be covered:

- Equipment
- Products
- Management
- Customers
- Geography

All editorial comment should be addressed to the Survey's Editor. A full editorial synopsis and information about advertising can be obtained from Robin Ashcroft, Tel: 01-248 8000 ext. 3865, or your usual Financial Times representative.

EUROPE'S BUSINESS NEWSPAPER

Best Buys shortlist.

Brother CE-580 - £300
Best buy if you want a feature-rich, correction-only compact machine from a pedigree supplier.

Brother CE-580 - £385 (TK)
Best buy if you want a truly tough compact with editable memory and don't plan on using it too heavily.

Brother KM-221 - £285 (TK)
Best buy if you want a heavy-duty machine with a small amount of memory, a line display and a great range of features.

Brother KM-221 - £384 (TK)
Best buy if you want a heavy-duty machine with editable memory and a great range of features.

Brother KM-311 - £396 (TK)
Best buy if you're a heavy-duty user wanting advanced text editing facilities and a full complement of features.

Buying a Brother typewriter is highly recommended.

Recently Britain's only consumer report on business equipment and services— "What to Buy for Business"— tested 178 office typewriters. They examined prices, features and running costs and shortlisted twelve Best Buys. No less than five of them were Brothers. Hadn't you better buy one?



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- 2 Forward Rates
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- 4 Demand Drafts
- 5 Cheques
- 6 Deposit Rates
- 7 Interbank Lending Rates
- 8 Precious Metals
- 9 Stock Market
- 10 Market Commentary

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COMMODITIES AND AGRICULTURE

Palm oil prices leap in London, Kuala Lumpur

BY WONG SULONG IN KUALA LUMPUR AND JOHN BUCKLEY IN LONDON
Palm oil prices, which have recently been recovering from the historic lows they hit last spring, have risen above 700 ringgit per tonne week for the first time this year.

Nicaragua sues Standard Fruit for \$35m over banana deal

BY PETER FORD IN MANAGUA
NICARAGUA has filed a \$35m investment claim against the Standard Fruit Company of the US, Mr Jaime Wheelock, the country's Agricultural Reform Minister, has announced.

Brazil to cut beef exports

BY IVO DAWNAY IN SAO PAULO
BRAZILIAN BEEF exports are expected to fall by up to 30 per cent this year as a consequence of shortages in the domestic market, the Association of Brazilian Meat Exporters (ABIEC) has announced.

Dearer animal food forecast

BY JOHN BUCKLEY
UK LIVESTOCK farmers face rising feed costs in spite of the decline in cereal prices in history, according to Dalgety Agriculture.

Nymex hopes to launch gas futures next year

BY ANDREW GOWERS
THE NEW YORK Mercantile Exchange (Nymex) hopes to put the finishing touches in the next few weeks to what would be the world's first futures contract in natural gas.

MPs renew call for tin crisis documents

A UK parliamentary select committee yesterday stepped up its pressure for information about the events leading up to the collapse of the tin market, writes our Commodities Staff.

THE COMMODITY Exchange of New York (Comex) has won the approval of the Commodity Futures Trading Commission for its trade futures in tin.

Official closing (am): Cash 824.45 (924.45), three months 848.50 (948.50), six months 878.00 (978.00), final bar close: 824.45. Turnover: 14,622 tonnes.

COFFEE

Official closing (am): Cash 245.50 (245.50), three months 265.50 (265.50), six months 285.50 (285.50), final bar close: 245.50. Turnover: 26,400 tonnes.

LEAD

Official closing (am): Cash 205.50 (205.50), three months 225.50 (225.50), six months 245.50 (245.50), final bar close: 205.50. Turnover: 11,700 tonnes.

NICKEL

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

TIN

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

ZINC

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

GOLD

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

SILVER

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

SOYABEAN MEAL

Official closing (am): Cash 809.11 (809.11), three months 875.50 (875.50), six months 942.00 (942.00), final bar close: 809.11. Turnover: 44,507.75 cents per lb.

LONDON MARKETS

THE UPWARD trend in coffee futures prices was halted yesterday afternoon after the Brazilian Coffee Institute (IBC) announced that it was not making further purchases of coffee on the world market at present to supplement this year's drought-hit crop.

INDICES

Table with columns: Index Name, Value, Change, Business Done. Includes REUTERS, DOW JONES, and MAIN PRICE CHANGES.

ALUMINIUM

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

COPPER

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

COFFEE

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

COCOA

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

GOLD

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

SILVER

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

SOYABEAN MEAL

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

PHYSICALS

Table with columns: Grade, Price, Change, Business Done. Includes Official closing and Standard grades.

US MARKETS

THE VOLATILITY of the coffee market remained untempered in an erratic session, with firm initial gains of over 2c in the leading December position following a strong London showing in the morning being accelerated by steps to push the market just short of the 1986 per pound level, reports Island. However, reports that the IBC president had declared that Brazil would not be active as a buyer in the immediate future put paid to speculation from certain quarters and encouraged some bearish activity in a market which had tended to be thin in the first instance.

NEW YORK

Table with columns: Commodity, Price, Change, Business Done. Includes ALUMINIUM, COFFEE, COCOA, GOLD, and SILVER.

CHICAGO

Table with columns: Commodity, Price, Change, Business Done. Includes LIVE CATTLE, LIVE HOGS, SOYABEAN MEAL, and SOYABEAN OIL.

MEAT COMMISSION

Table with columns: Commodity, Price, Change, Business Done. Includes LIVE CATTLE, LIVE HOGS, and PORK BELTIES.

SUGAR

Table with columns: Commodity, Price, Change, Business Done. Includes LONDON DAILY PRICE and FUTURE SUGAR.

GRAINS

Table with columns: Commodity, Price, Change, Business Done. Includes WHEAT, BARLEY, and RICE.

FREIGHT FUTURES

Table with columns: Commodity, Price, Change, Business Done. Includes Ory Cargo and Tankers.

HEAVY FUEL OIL

Table with columns: Commodity, Price, Change, Business Done. Includes Ory Cargo and Tankers.

LEADED GASOLINE

Table with columns: Commodity, Price, Change, Business Done. Includes Ory Cargo and Tankers.

OIL

Table with columns: Commodity, Price, Change, Business Done. Includes Ory Cargo and Tankers.

US MARKETS

Table with columns: Commodity, Price, Change, Business Done. Includes COFFEE, ORANGE JUICE, HEATING OIL, and SUGAR.

NEW YORK

Table with columns: Commodity, Price, Change, Business Done. Includes ALUMINIUM, COFFEE, COCOA, GOLD, and SILVER.

CHICAGO

Table with columns: Commodity, Price, Change, Business Done. Includes LIVE CATTLE, LIVE HOGS, SOYABEAN MEAL, and SOYABEAN OIL.

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CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar little changed on GNP

THE DOLLAR finished little changed on the day, after publication of third quarter US gross national products growth of 2.4 per cent.

The implicit price deflator—a guide to future US inflation—showed a sharp rise of 2.6 per cent however and underlined recent suggestions that there will be no further cut in interest rates in the near future.

On Bank of England figures the dollar index fell 10.3 from 108.5 to 107.4.

STERLING INDEX table with columns for Oct 22, Latest, Previous

CURRENCY RATES

Currency rates table with columns for Oct 21, Rate, Special Drawing Rights, Current Currency Unit

CURRENCY MOVEMENTS

Currency movements table with columns for Oct 22, Bank of England Index, Morgan Guaranty Change %

OTHER CURRENCIES

Other currencies table with columns for Oct 22, £, S

FINANCIAL FUTURES

US bonds shrug off GNP fears

'US TREASURY bond' futures finished above Tuesday's closing levels on the London International Financial Futures Exchange yesterday.

After several days of rumour the GNP growth figure of 2.4 per cent was right in line with the general level of market forecasts.

Estimated volume total, Call 951, Put 289

Three-month Eurodollar futures showed a similar reaction, opening at \$3.94 and falling to a low of \$3.80 on news of the sharp rise in the price deflator.

December long term gilts opened firm at 110-22, helped by a steady performance by the pound in early trading.

Estimated volume total, Call 113, Put 32

Estimated volume total, Call 1,554, Put 2,989

Estimated volume total, Call 951, Put 289

Estimated volume total, Call 113, Put 32

EMS EUROPEAN CURRENCY UNIT RATES

EMS European currency unit rates table with columns for Country, Unit, % change

POUND SPOT—FORWARD AGAINST THE POUND

Pound spot-forward against the pound table with columns for Oct 22, Day's spread, Close, One month, %

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Dollar spot-forward against the dollar table with columns for Oct 22, Day's spread, Close, One month, %

EURO-CURRENCY INTEREST RATES

Euro-currency interest rates table with columns for Oct 22, Short term, 7 Days, One Month, Three Months, Six Months, One Year

EXCHANGE CROSS RATES

Exchange cross rates table with columns for Oct 22, £, S, DM, Yen, F Fr, S Fr, H Fl, Lira, C S, B Fr

LIFFE LONG GILT FUTURES OPTIONS

LIFFE long gilt futures options table with columns for Strike, Call, Put, Price

LIFFE 5% STRIPS

LIFFE 5% strips table with columns for Strike, Call, Put, Price

PHILADELPHIA 5% STRIPS

Philadelphia 5% strips table with columns for Strike, Call, Put, Price

CHICAGO

Chicago table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (10% FV)

U.S. Treasury bonds (10% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (8% FV)

U.S. Treasury bonds (8% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (7% FV)

U.S. Treasury bonds (7% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (6% FV)

U.S. Treasury bonds (6% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (5% FV)

U.S. Treasury bonds (5% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (4% FV)

U.S. Treasury bonds (4% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (3% FV)

U.S. Treasury bonds (3% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (2% FV)

U.S. Treasury bonds (2% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (1% FV)

U.S. Treasury bonds (1% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (0% FV)

U.S. Treasury bonds (0% FV) table with columns for Strike, Call, Put, Price

U.S. TREASURY BONDS (0% FV)

U.S. Treasury bonds (0% FV) table with columns for Strike, Call, Put, Price

MONEY MARKETS

UK rates steady as pound eases

INTEREST RATES showed little change on the London money market yesterday. In spite of the production quota settlement reached by Opec ministers meeting in Geneva, sentiment tended to weaken towards the end of the day.

UK clearing bank base lending rate 11 per cent since October 15

MONEY RATES

Money rates table with columns for New York, Treasury Bills and Bonds, Prime rate, Fed funds at intermeeting

FT LONDON INTERBANK FINING

FT London interbank fining table with columns for 11.00 a.m., 11.30 a.m., 12.00 p.m.

LONDON MONEY RATES

London money rates table with columns for Oct 22, Overnight, One Month, Three Months, Six Months, One Year

Treasury bills (6%): one-month 10% per cent; three-month 10% per cent; Bank Bill (6%): one-month 10% per cent; three-month 10% per cent.

LIFE THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE A 17 HOUR TRADING LINK COMMENCES 23rd OCTOBER 1986 FOR US T-BOND FUTURES 30th OCTOBER 1986 FOR EURODOLLAR FUTURES

MUTUAL OFFSET for LIFFE/SFE ELDER'S SECURITIES UK LTD. Clearing members of London, Sydney, Chicago futures markets.

Take note OCTOBER 1986 URGENT ALPHA STOCKS-IDLA-D BETA STOCKS-IDLI GAMMA STOCKS-IDLJ UK GILTS-IDLK TRADED OPTIONS -IDLL-P INDUSTRIAL CODES -ISXA-G

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Haw Par

Tiger Balm: set to create a healthier climate

Stephanie Yanchinski on a global campaign

HAW PAR Brothers International is a Singapore-based company with a mission—to become a household name around the world.

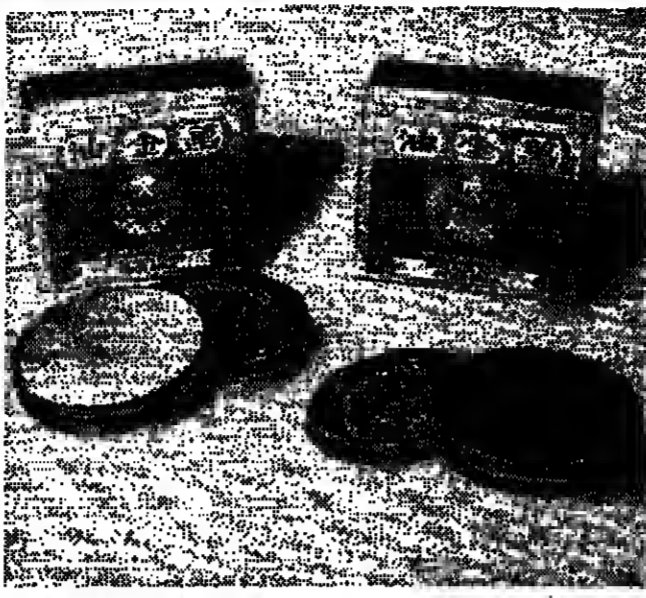
But rather than merely throwing money at its marketing efforts, the company is mounting a "guerrilla" campaign based on cunning strategy and endless patience. Its success will depend on one of the oldest pharmaceuticals in the world—a Chinese herbal ointment invented hundreds of years ago.

Long a household word throughout Asia, Haw Par today controls a manufacturing, trading and banking empire whose turnover last year touched \$296.7m (\$123m).

Now, however, the company's market strategists want to move it out of the shadows into the limelight with its own brand name products.

The sprawling conglomerate that is Haw Par today began in the dispensary of a Chinese herbalist in Rangoon, who concocted a soothing camphor and peppermint oil-based ointment for relieving pain and which he called Tiger Balm.

While the automated factories in Singapore have superceded a laborious means of preparation, Tiger Balm still retains its distinctive oriental packaging. This, along with the "leaping tiger" trademark, will play a vital role in its marketing. "It's exotic Eastern his-



Tiger Balm: trying to change its image from quirky potion to a credible pharmaceutical

In Asia the versatile Tiger Balm has spotted away arthritic pains, headaches, backaches, even flatulence. But it is athletes and health-conscious young adults who increasingly use a rub as part of their daily workout who, it is hoped, will make the fortune of Tiger Balm in the West.

Tiger Balm is facing the problems that any pharmaceutical company set on breaking into a foreign market must overcome. So Haw Par's strategy is many faceted and involves gaining regulatory approval of its product through clinical trials and research, establishing new distribution networks, and mounting an advertising campaign which will not be hard sell but concentrate on subtly reworking Tiger Balm's image.

For instance, Tiger Balm has for long been marketed by pharmacies in Continental Europe, where it has become a particular favourite with the outdoor-loving Swiss and Dutch.

Most important are the "rubefacients" and "vasodilators" which promote blood flow and create a feeling of warmth. These help the body deliver more nutrients and oxygen needed for sustained exercise and in the healing process. The extra blood also carries away broken down cells and fluids such as lactic acid, the chief culprit in sore muscles.

Before exercising, athletes massage their muscle with such rubs in order to open up the blood flow in preparation for exercise. After injury, analgesic balms reduce swelling by promoting absorption of fluids in affected areas and accelerating the healing of bruises, strains and sprains.

TV ad production

A minefield for the unwary

Feona McEwan reports on a three-pronged attack on soaring costs

"ADVERTISERS tend to look at television production costs rather like a cobra looks at a mongoose." So Chris Wilkins, creative luminary of the British advertising scene, sums up the running sore in every television advertiser's flesh—the spiralling cost of making commercials.



Wilkins goes on: "There is a Parkinson's law that says the amount of time spent discussing costs with a client is directly converse to the sums involved. He will happily settle for, say, £1.25m on media costs (the cost of airtime) and then be deeply surprised of a hairdresser's fee of £200 for a day's shoot."

One insider reckons that costs of airtime have risen 25 per cent in the last year, and production costs by 15 per cent.

The whole business of film making is a minefield for the unsuspecting advertiser and absorbs an increasingly fat slice of a hard-pressed advertising budget. So it is necessary to grasp the fundamental issues. "The problem for advertisers is that many manufacturers are used to clearly identifiable costs but film making is a mixture of technical and creative processes with no fixed point to relate to," says Cecelia Garnett of the Advertising Film and Videotape Producers Association (AFVPA).

A 30-second commercial can cost anything from a few thousand pounds to an average of about £80,000 and up to £500,000. For an animation ad (as opposed to live action), £60,000 is said to buy top quality.

Estimating the value of an ad to its advertiser is an individual matter, dependent on a number of factors. Beecham, for instance, which uses Daley

Thompson, the decathlon champion, for its Lucozade work, will gladly pay the "star" price and then aim to use the ads over a long period of time.

If an advertiser is set on special effects, the cost must be accepted. Barclays Bank, which wanted an advertisement for the futuristic Blade Runner film, sought out the services of the film's director, Ridley Scott. That level of expertise can cost around £1,000 a day.

Now for the first time in the UK an attempt is being made to bring some order to the jungle of costing. The three factions—advertisers, agencies and production houses—have got round the table and formed a working party of their representative bodies, respectively the Incorporated Society of British Advertisers, the Institute of Practitioners in Advertising, and the AFVPA.

The idea is to examine costs, identify reasons for the steep rises and find ways of controlling them. That sounds promising enough, though problems will doubtless arise in implementing guidelines in what is an inexact science.

greater understanding, of what costs what. "Not only the television department, but the account management and the creative teams also can't afford to be ignorant."

Chris Wilkins, creative director of Davis Wilkins, adds: "At the moment very few creative departments work to a budget on production costs. They write the script, get it approved; then find out how much it will cost. If it over-extends the clients' budget, they set about ways of finding how to make it cheaper and there's a tendency to cut corners. That way you find yourself tackling Ben Hur with seaside donkeys and Boy Scouts. Whereas, if they started out with an agreed budget and disciplined themselves they would think of ideas within that budget. They should understand what costs money."

Not does a pricey commercial necessarily mean a persuasive or a memorable commercial. The industry is littered with examples of the good solid central idea and simple, uncostly execution. The Rubik cube ad for Hamlet cigars, for instance, involving a cube, a pair of hands and a puff of smoke, cost no more than £8,000. Similarly the Hamlet "channel 5" ad. Wilkins recalls making three commercials for Outspan oranges, 10 seconds each, for £35,000.

A number of major advertisers now employ cost consultants to guide them through the maze of commercial production. Vyvienne Moynihan has acted as an independent consultant for three years to her blue chip clients after spending a lifetime in the advertising industry.

"There's much more to it than checking the sums," she says. "I explain to them where the budget is going and then it's up to them to decide whether that's value for money, whether it will move bottles off shelves or whatever. It's important for clients to understand the basics about contracts, repeat fees, union rates and so on. Production houses, on the whole, are not greedy or cheap; they want to stay in business, too, and the agencies aren't rip-off merchants. It helps agencies and clients to have an expert handling a specialist job."



He gave years of outstanding service. Be sure your gift does the same.

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Φ P A R K E R

GROWING OLD



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THE DGAA WAY

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USSR

a special section 1986

Lines of economic intensification in the 12th Five-year Plan period

Extracts from report by Nikolai Ryzhkov, Chairman of the Council of Ministers of the USSR to the 27th Congress of the CPSU

IN THE 12th five-year plan period we intend to extend the use of progressive technologies basic to each industry by 50 to 100 per cent. Fundamentally new production methods, for instance membrane laser, plasma, superhigh pressures, pulse loads, etc., will hold a notable place. The scale on which these methods are applied will be increased several times over, and that will undoubtedly yield a big economic effect.

Another avenue is automation and mechanisation of production that will radically transform work places and make the job of workers, collective farmers and the intelligentsia more productive, creative and attractive. That is one of the principal social objectives that the Party has set itself. The level of automation in the national economy

will double on the average. About 5,000 automated control systems are to be introduced in industry.

The future in computer technology

The present-day stage in automation is based on the revolution in computer technology, in computerisation of the national economy. New generations of computers of all classes, from supercomputers to personal computers for school instruction, are to be designed and introduced in the coming five years. Total output of computers is to go up by 2.3 times in the next five years. We are setting the target of large-scale computerisation of the machinery and equipment pro-

duced by all industries. The future belongs to this technology.

A characteristic feature of automation in the 12th five-year plan period is rapid expansion of robotics, rotor lines and rotor conveyors, and flexible automated production lines, which ensure high productivity. For example, the number of industrial robots is to be trebled during these five years.

It is intended to substantially reduce material consumption in social production through the large-scale application of economical types of metal products, plastics, and other progressive materials. In the course of the five years their output is to increase by more than 30 per cent, as compared to an increase of only 6 per cent in the production of traditional materials.

The application of fundamentally new construction materials which have been developed by our scientists and which are greatly superior in quality to those now being used opens up tremendous prospects. That refers, in particular, to composite materials. Their manufacture is to increase by 10-12 times in the 12th five-year plan period.

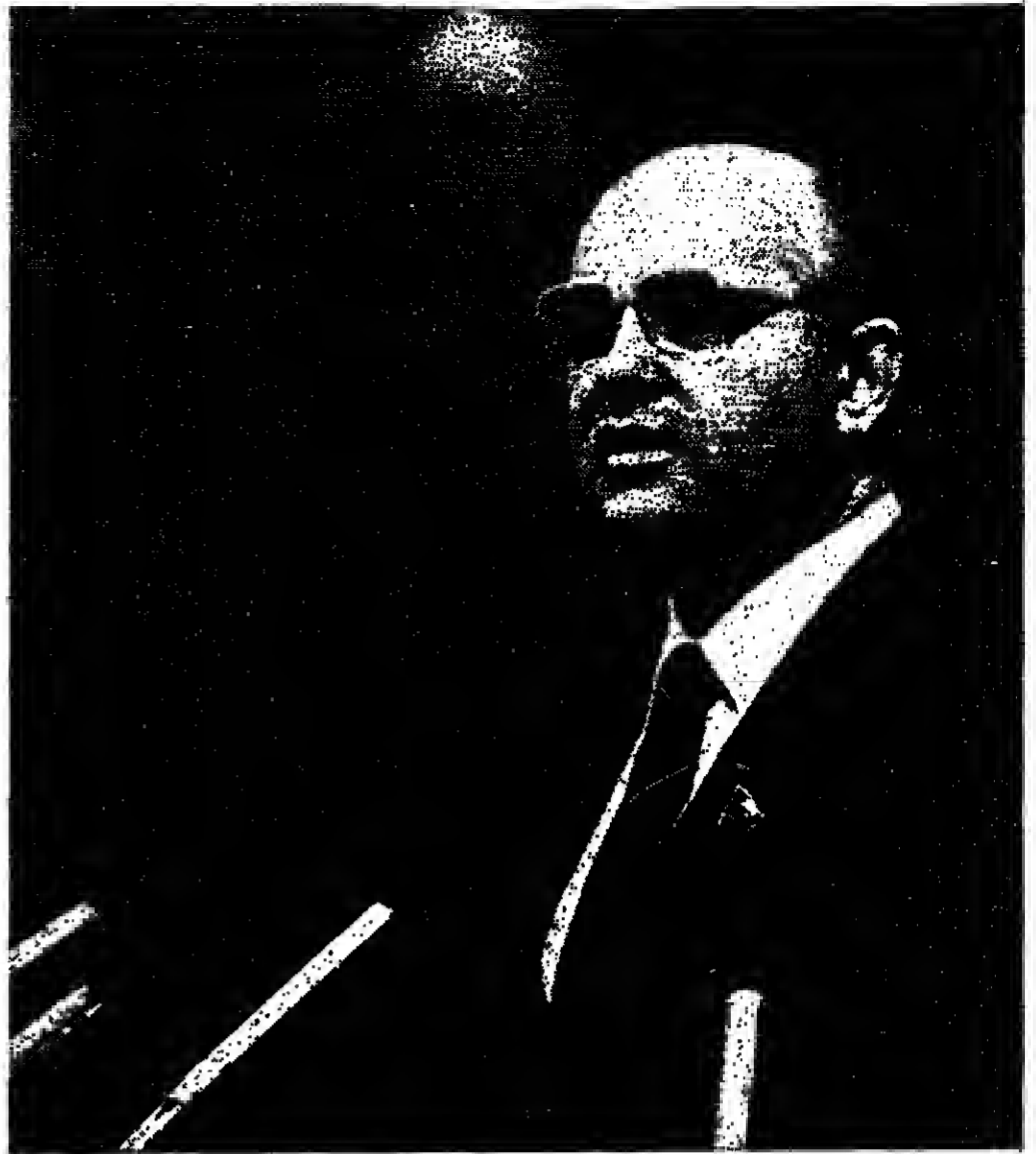
The scale of introducing new machinery and technologies outlined for the five-year period as a whole will ensure a more than 65 per cent growth in the productivity of social labour and will reduce production costs in industry by 28 billion roubles.

Mutual interest

As far as foreign economic ties are concerned it must be pointed out that being faithful

The 27th CPSU Congress proposed sensible ways of resolving the problems facing humanity. Our objectives are absolutely clear. They are: acceleration of the country's social and economic development, broad international co-operation that benefits all, disarmament and elimination of nuclear weapons, and peace for humanity. Hence our political course both inside the country and in the international arena.

M. S. Gorbachev



to its policy of peaceful coexistence, the Soviet Union favours cooperation with the developed capitalist states. Here we see considerable potentialities. And that applies to practically all types of relations—commercial, scientific, technical, finance credits, etc. As is known, cooperation is a two-way street. Here, mutual interest must be strictly considered, and all restrictions, boycotts and embargoes orchestrated by the USA must be completely re-

nounced. In the modern world, economic relations can only be based on equal rights, trust, and strict observance of mutual agreements. To act contrary to this, subordinating commercial and economic ties to unseemly political aims, is tantamount to trying to hold up world progress. Historical experience shows that such attempts hold no promise whatever. With this in view the Political Report of the CPSU Central Committee has set forth a new proposal—

to call, in the future, a World Congress on Economic Security to discuss all that encompasses international economic relations. Foreign trade is making a tangible and ever increasing contribution to the development of our economy. There is now practically no branch that has been left out of the sphere of foreign economic relations. But it is impossible to advance rapidly by traditional routes. The first thing to do is to change the raw materials

orientation of our exports, and to increase the share of the manufacturing industry in them. This takes time, of course, but work in this area must get off the ground already in the 12th five-year plan period. The ministries, associations and enterprises have to be orientated towards building up the country's export potential, and to raising the quality and competitiveness of machines and equipment, and other manufactured goods.

Measures to fundamentally improve foreign economic activities

The Central Committee of the Communist Party of the Soviet Union and the Council of Ministers of the USSR have passed resolutions "on measures to streamline the management of foreign economic relations" and "on measures to streamline the management of economic, scientific and technological cooperation with socialist countries."

The decisions provide for major measures to be effected in these fields, which will be part of the current overhauling of the Soviet economic machinery in keeping with the decisions of the 27th Party Congress.

The Soviet Union over the post-war period has gained extensive positions in the world market and stepped up its foreign trade with socialist countries.

Many-sided trading and economic relations have also been formed with developing nations and western countries. Participation in the international division of labour has become an ever more important factor for Soviet economic development.

At the same time the existing scope, pattern and forms of the Soviet Union's relations with foreign countries in the fields of trade, science, technology and production have come to contradict the requirements of intensification in its economy and of a speedier in scientific and technological progress. This has become especially visible against the background of the thorough-going changes taking place in international economic relations under the impact of the scientific and technological revolution.

The Soviet Union's share in world trade does not correspond to its achieved level of development and the requirements of its economic growth.

The export potential of the manufacturing industries, most notably mechanical engineering, is being used uneconomically and transition to broad cooperation in science, technology and production is too slow.

The available situation has shaped largely due to the outdated methods of managing foreign economic activities and disunity between industry and foreign trade, with individual and amalgamated factories having actually been left out of direct participation in foreign economic activities and socialist economic integration.

Under the just-adopted resolutions, a State Foreign Economic Commission has been set up under the Council of Ministers of the USSR, with the aim of improving the management of foreign economic activities and achieving closer coordination between ministries, departments and organisations, which maintain trade, economic, financial, scientific and technological relations with foreign countries, in their work. The Commission's functions will be to direct the activities of the Ministries

and departments in their foreign economic relations.

It will be chaired by a deputy Chairman of the Council of Ministers of the USSR and include the top officials of the leading Ministries and departments of the USSR, which are concerned with foreign economic activities.

The planned measures to upgrade foreign economic activities are in the mainstream of measures being undertaken in the USSR to increase considerably the rights and responsibilities of individual and amalgamated factories and transfer them to the basis of complete cost-accounting and self-financing.

The measures aim to give more incentives for manufacturers to make highly-effective products for export and use import resources more rationally.

As of January 1, 1987, over 20 Ministries and departments of the USSR as well as 70 major individual and amalgamated factories will be granted the right to direct participation in export-import transactions, including in the markets of capitalist and developing countries. These Ministries, departments and factories will have their own foreign trade firms operating on a profit-and-loss basis. As appropriate pre-conditions are provided, similar rights will be granted also to other Ministries, organisations and enterprises.

The Ministry of Foreign Trade of the USSR and the State Committee of the USSR for External Economic Relations will exercise control over foreign trade transactions with a view to ensuring the general interests of the state.

Those individual and amalgamated factories that are yet without the right to enter foreign markets will export and import products on a basis of contractual relations with the Ministry of Foreign Trade of the USSR and other Ministries and departments.

With the aim of providing more economic incentives to individual and amalgamated factories and increasing their independence in expanding exports and updating their production facilities, currency deduction funds will be established at these enterprises for funding foreign trade transactions.

These funds may be used to buy the machines, equipment and materials needed for re-tooling and modernisation schemes, research and development efforts and other activities either independently or through foreign trade organisations.

Such purchases, in accordance with applications from individual and amalgamated factories and organisations will be included in the import plan fully and made as a matter of priority.

Individual and amalgamated factories now also have the right to draw currency credits from the Foreign Trade Bank of the USSR.

The economic responsibility of individual and amalgamated factories for failing to meet planned export targets or contractual commitments has also been increased. These factories will make up the losses incurred in these cases with currency resources from their own funds.

It is planned to ensure a transition from primarily trade relations to deep-going production specialisation and cooperation in economic relations between the socialist countries. The entire work on cooperation will be based on the Comprehensive Programme for scientific and technical progress of the CMEA member countries up to the year 2000. Provision is made to amplify the concept of developing foreign economic relations between the USSR and CMEA member countries, which should become the basis for concluding the long-term economic policy and coordination of state plans, five-year and annual plans of economic and social development for the USSR, the Councils of Ministers of Union Republics will contain targets on volumes of foreign economic relations with special assignments for relations with the CMEA member countries.

Soviet individual and amalgamated factories are granted extensive rights to develop direct relations with enterprises and organisations in other CMEA member countries. They will independently tackle all questions of co-production, including definition of areas and concrete aims of cooperation, choice of partners in CMEA member countries and execution of deliveries under co-production agreements. They will also have powers to sign economic agreements and contracts for the delivery of goods and rendering of services pertaining to cooperation and development of production, to define economic conditions of cooperation and to agree prices for cooperated component parts and services rendered.

Now individual and amalgamated factories and organisations can plan, together with their partners, cooperated productions, providing, above all, for designing and development of advanced technology, construction of new and re-tooling of operating capacities and agree on listed products and volumes of export and import deliveries of goods under co-production.

At present they have broad opportunities for direct participation in implementing the Comprehensive Programme for scientific and technical progress of the CMEA member

countries up to the year 2000. In part, research, design and experimental work to be carried jointly with organisations of CMEA member states, and an exchange of scientific and technical documentation on mutually agreed conditions.

All revenues accumulated as a result of international co-operation will be in full possession of enterprises (except for small deductions to sectoral Ministries). Currency revenues of individual and amalgamated factories are not to be withdrawn by superior organisations.

In relations between socialist countries it is planned to use on a large scale such forms of cooperation as joint enterprises which can be built in the USSR and other countries on the basis of common property as well as international amalgamations and organisations where national property is preserved but joint activities are exercised on the basis of coordinated or common plans.

Joint enterprises will fully operate on a self-supporting basis and will be economically independent organisations vested with broad powers in the sphere of export and import operations, setting of prices for their products, signing of contracts, etc. Profits of such enterprises will be distributed between their participants proportionally to their contributions to the chartered fund.

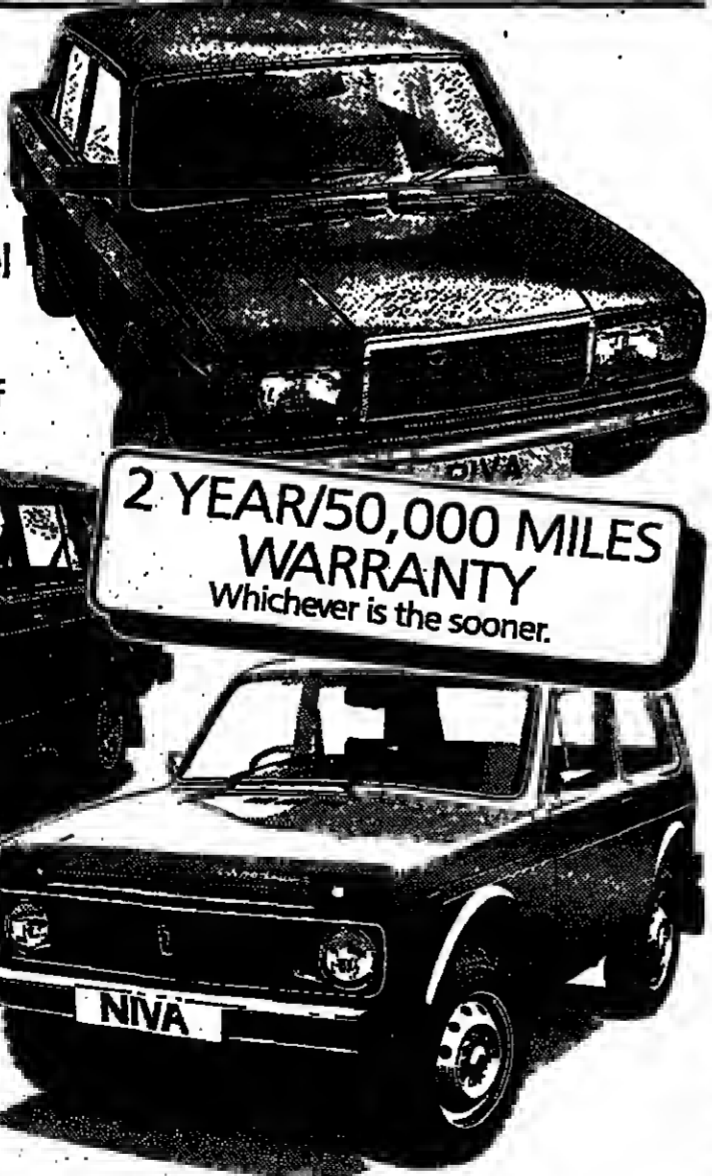
Joint enterprises will operate in the system of the Soviet economy and will be guided by Soviet legislation, labour and social standards for Soviet citizens. Provision is also made for a new order of detaching Soviet specialists to the CMEA member countries within the framework of direct relations. This order will considerably ease organisation of business trips, since their expediency will be decided directly by managements of individual and amalgamated factories.

The above measures open broad opportunities for accelerating the process of socialist economic integration and further deepening of production, scientific and technical cooperation within the framework of the community.

Provision is made for the development of new forms of economic relations with firms in the capitalist countries, including scientific, technical and production cooperation and establishment of joint enterprises. Applying new forms of economic relations, the Soviet State will proceed, in its relations with foreign partners, from principles of mutual advantage and guarantee respect for their interest and rights. At the same time the State will undoubtedly pursue the principles of State monopoly on foreign economic activities and unconditional observance of Soviet laws and standards by foreign partners.

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The British-Soviet Chamber of Commerce and its role in British Trade with the USSR

BY SIR JOHN MAYHEW-SANDERS
PRESIDENT OF THE BRITISH-SOVIET CHAMBER OF COMMERCE

B.S.C.C.
70
YEARS
1916-1986
B.C.T.H

TODAY WE are celebrating the 70th Anniversary of the British-Soviet Chamber of Commerce which was founded by an Article of Incorporation dated 23 October 1916. This was the year before the Great October Revolution and the Chamber has been in business continuously ever since. Of course, trade between these two great nations goes back several hundred years before this. There is a letter written by Tsar Ivan the Fourth (Ivan Grozny - The Terrible) in 1555 to Queen Mary welcoming trade and allowing English merchants, who had already started trading in Moscow, to carry there. The first Russian Ambassador arrived in London in 1557 (perhaps an early example of the flag-following trade) and to this day there is a church near the Rossiya Hotel in the centre of Moscow which is still known as the Angliiskoe Podvorie - the English Church - that goes back to those days and was used by the first English merchants.

An achievement

In terms of 20th century trade, 70 years' continuity is, of course, no mean achievement. We are genuinely a joint British and Soviet organisation with 57 Soviet Foreign Trade Associations and other Soviet organisations as members, alongside some 550 British companies, covering all types of industrial and commercial activity throughout the UK. We exist to use the words of our Articles of Association "to promote, extend and develop trade between the USSR and the UK, both import and export. We are not a political organisation and are entirely dependent upon membership subscriptions

and any income we generate from the activities we organise. We have carried on through periods of political tension and in good times and our aim has been to develop trade and incidentally through that to create a better climate of understanding.

During the past 70 years the Chamber has spanned momentous events and has played no small part in the flow of trade affairs between the two nations. In the early days we played an active role in getting the first trade agreement signed in 1921 between the UK President of the Board of Trade (at that time Sir Robert Horne) and Mr Krassin on behalf of the Soviet government. Then it was through a resolution of our Chamber passed to the UK Government that more positive steps were taken to develop trade in October 1923 with the USSR government at the time of the New Economic Policy. In 1924 the Soviet Charge d'Affaires accepted offices as Joint Honorary President and members of the Soviet Trade Delegation joined the Executive Council. Later the USSR Chamber of Commerce and Industry became affiliated and has played a strong supporting role in our history. We are in fact the oldest joint international Soviet Chamber and older than the USSR Chamber itself.

To understand our role in British-Soviet trade, it is necessary to understand the foreign trade system of the USSR and it is one of the tasks of this Chamber constantly to keep our members informed of any changes that are being made. In the Soviet Union access to the ultimate user is different from that in the West and any successful sales effort must

depend upon understanding the system which governs Soviet purchases and sales, understanding how the successive five year plans operate and how and when currency is allocated. Foreign trade in the Soviet Union is a state monopoly executed mostly by the Ministry of Foreign Trade who delegate responsibility to some 60 Foreign Trade Associations who are import and export corporations, working closely with the Ministry or Ministries they represent in purchasing what is required to fulfil the Ministries' plans.

Customer meeting place

Perhaps one of the best ways of entering the Soviet market is to take part in exhibitions which enable sellers to meet and have discussions with the actual end users in addition to the representatives of Foreign Trade Associations. Visitors to an exhibition can range from the man on the factory floor to the technical specialists: all come to see western technology in areas they know. Exhibitions may be organised officially by the USSR Chamber or they may be arranged as a result of an initiative by British or other European organisations with the co-operation and approval of the Soviet authorities. Trade associations in this country play a large part in organising British participation in such events and sometimes obtain support for their members from the British Overseas Trade Board. Exhibitions are also a forum in which companies can hold seminars to give a technical presentation of their products to the specialists who

will have come to that exhibition. We at the British-Soviet Chamber of Commerce have advance information, which we publish regularly in our Chamber Bulletin. We also send details of particular exhibitions to interested firms, trade associations and regional chambers of commerce and we send details of exhibitions in Britain to Soviet organisations. We advise our members about participation and work closely with Trade Associations that intend to take part in exhibitions on a group basis.

At government level, trade is reviewed usually each year by a Joint Commission consisting of representatives from the UK Department of Trade and Industry and the British Embassy in Moscow, together with the USSR Ministry of Foreign Trade, supported by representatives of British industry and trade and Soviet delegates from Ministries and FTAs. The importance of these meetings is recognised by both sides and at the last meeting in February a five-year agreement covering the same period as the latest Soviet economic Plan from 1986-90. It identifies in outline the areas of greatest mutual interest to the two countries and has a framework within which trade in both directions can develop.

Information centre

Here in London at 2 Lowndes Street, we are available on a day to day basis to give advice, information and encouragement to British firms selling or planning to sell in the USSR. This day to day activity is also highlighted by special events that

we arrange. For example, since 1994 we have organised members' luncheons and these are now arranged on a quarterly basis. They are usually attended by over 300 British and Soviet members and their guests and provide a forum for British and Soviet businessmen to exchange opinions in a friendly and informal environment. At each luncheon the guest speaker is connected with trade at a high level and speakers have included the UK Secretary of State for Trade and Industry, the President of the BOTB, the heads of large companies and Soviet Ministers and Deputy Ministers of Foreign Trade. On special occasions these social events take on an even larger dimension. This year on our anniversary date we shall be having a special luncheon to mark the occasion and the guest speaker will be Viscount Whitelaw, the UK Deputy Prime Minister. He recently led the UK Parliamentary delegation to the Soviet Union.

Our British members can take part in group visits to Moscow that we organise five times a year at a cost of about half that of travelling independently. Through our connection with the USSR Chamber of Commerce and Industry we can support them by the issue of visas and in securing appointments in the USSR.

The number of places we have been able to secure is considerable but it is still necessary to plan well ahead for we are generally oversubscribed. These group visits began in 1974 and we have now sent 60 missions with approximately 40-45 participants on each. These group visits are not subsidised but have led to the signing of hundreds of millions

of pounds worth of contracts. Every second year we have now arranged for our annual general meeting to take place in Moscow during one of these group visits. These visits have resulted in the largest trade missions ever to go to the USSR.

In March 1985 there were for example 170 British members from 120 companies taking part. These members were augmented by a further 25 members from 20 firms who are resident in Moscow or who travel independently. Together with guests, officials, media and representatives from Soviet ministries and organisations, the numbers actually attending the Annual General Meeting in Sovimecentr reached about 350. During the week we held a seminar on the legal aspects of Soviet foreign trade and delegations from the Executive Council called upon the Chairman of the USSR State Planning Committee (Gosplan) and the USSR Minister of Foreign Trade.

Trade news

Each quarter we mail an information bulletin giving the latest news of Soviet trade both with Britain and worldwide, together with information about products, new technology, contracts, licences, forthcoming exhibitions in the USSR and trade and production figures. This is supplemented annually by detailed trade figures and statistics compiled from both British and Soviet sources.

During the 1920s we published a Journal, which in fact started in 1919 and at one time also a Directory of British manufacturers interested in trading in the USSR. This

Directory was printed in Cyrillic and circulated in the USSR. In 1983 we revived the publication of the annual Journal in English which is circulated to all members each year and to official organisations, both in the UK and the USSR. It is hoped eventually to produce journals in the Russian language for circulation in the USSR, promoting British industry and in English circulated in this country, promoting Soviet industry. This year we shall be publishing a special 70th anniversary commemorative edition of the Journal.

For the last two years we have taken an active part in organising seminars on British-Soviet trade with regional chambers of commerce and city councils in many places, among which were Birmingham, Nottingham, Sheffield, Leeds, Glasgow, Leicester, Edinburgh, Newcastle, Watford and Bristol. During these seminars business cooperation between British companies and Soviet Foreign Trade Associations is discussed and assistance given in particular to firms new to trade with the USSR.

Measures to improve contact

Our activities in London have been substantially augmented recently by a Soviet representative who has been seconded to our office from the USSR Chamber of Commerce. He has strengthened our contacts with the USSR immeasurably and in particular has been encouraging British firms to take part in seminars and international exhibitions in the USSR. However, in all these activi-

ties there is one important piece missing. We have known for many years that we cannot function to our full potential effectiveness without a wheel at both ends of the axis. In other words it has long been one of our leading ambitions to open an office in Moscow. Several of the larger British companies and banks have offices in Moscow but many medium-sized and smaller companies would benefit from a Chamber office there on the spot. Continuity is essential in selling to any market and in particular to the USSR, and this has not been easy for small or medium firms with a tight cash flow and limited staff. What British industry needs is the constant provision of a full range of services in Moscow which will feed back trade enquiries and monitor opportunities from Moscow as they arise. An office would provide this, together with a place for meetings and facilities for seminars (in addition to any organised at exhibitions).

Today we are celebrating the 70th year of our existence; to set up an office in Moscow could be one of the most significant events of this, our anniversary year. A number of high level Governmental visits have taken place this year and these have confirmed an upward trend in UK-USSR business relations. The signing on July 15 by foreign Ministers of both countries of the Programme for the Development of Economic and Industrial Cooperation for the period 1986-90 created the necessary framework for the further expansion of trade in particular areas. All this will give us, as a Chamber, continuing and growing opportunities to contribute to the development of UK-USSR trade relations in the future.

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The USSR Chamber of Commerce and Industry (USSR CCI)

A public organisation, with a membership of some 5,000 Foreign Trade Organisations, industrial enterprises and research institutions in the USSR. The USSR CCI maintains longstanding multi-lateral links with a number of Chambers of Commerce, Trade Associations and firms in the UK, including the British-Soviet Chamber of Commerce which is celebrating its 70th anniversary. With this in mind, the Foreign Trade Organisation, Vneshtorgreklama, spoke to E. P. Pitovranov, Chairman of the Presidium of the USSR CCI.

Question — The USSR CCI has cooperated for many years with the B.S.C.C. which is celebrating its 70th Anniversary in October of this year. How do you view this long period of cooperation?
Answer — The B.S.C.C. started life in 1916 as the Russo-British Chamber of Commerce. The Chamber was founded with the aim of strengthening and furthering the development of commercial links between the two countries. Over the past 70 years the Chamber has successfully fulfilled its intended purpose. Relations between the USSR and Great Britain have not always run smoothly; there have been peaks and troughs, serious complications and periods of fruitful cooperation. But throughout, the B.S.C.C. has strengthened business ties between our countries and has fostered the creation of a climate of trust and mutual understanding. Today the B.S.C.C. is an authoritative organisation whose purposeful and fruitful work is highly respected in the Soviet Union. The USSR CCI has very close business links with the B.S.C.C. The joint work of these

two organisations is largely concerned with assisting in the practical implementation of agreements concluded between the two countries in the fields of economics, industry and trade and particularly of long-term programmes of cooperation in these areas. The activities of the B.S.C.C. in the sphere of Soviet-British trade and economic relations are arranged for them with foreign trade organisations (FTO), ministries and departments. Such trips have been taking place for 10 years and have become a regular feature. This means the USSR CCI can be of more effective assistance in planning business schedules for British representatives. Each year the USSR CCI receives in all eight to ten delegations from Britain, representing various economic centres and areas of the country. This year, apart from the five B.S.C.C. delegations, delegations from

the Chambers of Commerce of Leicester, Birmingham and Watford and also from the North of England Development Council have visited the USSR. We are expecting delegations from Manchester and Northern Ireland at the end of the year. Such trips yield concrete commercial results. From time to time we conduct surveys to ensure that what we are doing is useful for both countries. For example, in the past two years member-firms of the B.S.C.C. which have visited our country as part of delegations have signed contracts with Soviet Foreign Trade Organisations worth over 100 million roubles. During the visit to Moscow in 1984 a delegation from the Birmingham Chamber of Commerce, several British firms received orders from Soviet Foreign Trade Organisations which totalled 17 million roubles. Such examples can be repeated. For their part delegations of Soviet business associations regularly visit regional Chambers of Commerce and other organisations in Great Britain. An effective way of promoting bilateral trade is through the seminars held in different cities in Britain which are organised by local Chambers of Commerce with the help of the B.S.C.C. and the USSR CCI, and in which representatives of the Soviet Trade Delegation, joint companies and Soviet Foreign Trade Organisations participate. These seminars provide a framework for exhibitions of business information, press conferences on trade and economic relations between the two countries, visits to factories and concrete business negotiations with firms. Last year and this year such seminars have been held in Birmingham, Nottingham, Sheffield, Leeds, Glasgow, Leicester, Edinburgh and Bristol. They were conducted in a business-like and friendly atmosphere and were viewed positively by the participants. At present the B.S.C.C. has a membership of more than 500 companies, the majority of which are medium and small size. When organising various functions with the B.S.C.C. and regional Chambers of Commerce the USSR CCI pays special attention to its work with medium and small firms. We work on the assumption that large firms can sometimes, independently, without our assistance master the Soviet market and find trading partners for themselves. However, small and medium firms usually need assistance in establishing new


business contacts and expanding existing ones. The B.S.C.C. and the USSR CCI work jointly to further the exchange of information between organisations and firms in the USSR and Britain. In its Journal and Bulletin the B.S.C.C. publishes material compiled with the help of the USSR CCI on the current state and prospects for Soviet-British trade and economic cooperation, on the development of the economy of the USSR, the activities of Soviet FTOs, information on international and specialised exhibitions in the USSR, statistical data on bilateral trade, and other information. **Q:** In your opinion what new aspects of the activities of the B.S.C.C. deserve most attention and how would you like to see the B.S.C.C. develop in the future?
A: The Council of the B.S.C.C. acted correctly in deciding to hold alternate annual general meetings in London and Moscow. These meetings were held successfully in our capital in 1983 and 1985. A delegation of 150-160 from Britain took part in them. The arrival in Moscow of such representative delegations and the business meetings and negotiations with Soviet FTOs bear witness to the interest of business circles in both countries in the expansion and strengthening of bilateral trade. We welcome the next meeting of the Chamber in Moscow in March 1987. In our opinion the level of Soviet-British business cooperation and also the number of services offered by the B.S.C.C. to its British and Soviet members and the increasing information and publishing activities of the Chamber make the decision to open a B.S.C.C. office in Moscow all the more essential and justified. We are sure that with the resolution of this question the prestige and authority of the B.S.C.C. will be enhanced among both Soviet and British organisations. The effectiveness in the Soviet market of small and medium size firms in particular will also be improved. In the future, the joint efforts of the B.S.C.C. and the USSR CCI should be directed as much towards assisting the development of new forms of collaboration, such as industrial cooperation, as towards strengthening and refining those aspects of their work which have proved to be advantageous and about which I have spoken earlier. I would like to draw attention to one more point. In addition to promoting British goods on the Soviet market the Chambers

should work more actively to increase Soviet exports to Britain, primarily of machinery and equipment. **Q:** The USSR CCI sponsors the international and foreign exhibitions held in the USSR. What is the level of participation of British firms in quantitative and qualitative terms?
A: Promoting the commercial organisation of international and foreign exhibitions in the USSR is the direct responsibility of Expositent, a specialised organisation run by the USSR CCI which has more than 20 years of experience in this sphere. Last year 197 exhibitions of various sorts were held in the Soviet Union. These included international ones, those devoted to particular branches of industry, specialised ones, and exhibitions related to congresses and symposia. Of this figure, 98 were foreign exhibitions. Among these, Britagroprom was a notable event in which 32 firms participated. We await the second such exhibition in February 1987 with interest. The numbers of British firms participating in exhibitions in the USSR over the past few years have remained fairly stable at 230-260 firms. Last year, for example, 255 large, medium and small firms took part in 15 international exhibitions. Particularly well attended were the exhibitions 'Zdravookhraneniye' (Public Health) — 68 firms; 'Elektrotekhnologiya' (Electrical Engineering) — 68 firms; and 'Tele-radiotekhnika' (Television and Radio Engineering) — 27 firms. This year British firms actively participated in the exhibitions 'Physica', 'Technology', 'Communications' and 'Innovatsionnaya Mashina'. I would like to take this opportunity to mention that the programme of exhibitions in the USSR over the next few years is very full. These will include both new and traditional exhibitions such as 'Zheleznodorozhnyy Transport' (Railway Transport), 'Stroitel'stvo' (Construction), 'Khimiya', 'Elektro', 'Stroimash' and 'Inlegmash'. This year there will be a total of 21 specialised exhibitions covering immediate problems in engineering, industry and agriculture. The quality of an exhibition, I believe, determined by the scientific and technical ingenuity and new design ideas shown in the products and in their performance. The degree of interest shown by businessmen and engineers in the products on display is a good indication as to their quality.

As far as British participants' exhibits are concerned, it is difficult to give a categorical answer. Some of them attract attention and become the subject of commercial negotiations whereas others are based on old ideas which have not changed to accommodate modern demands and are naturally ignored by the experts. However, on the whole there are significantly more of the first category than of the second. **Q:** The World Trade Centre has been in operation in Moscow since 1960. To what extent is it used by British companies?
A: In the past three years the number of economic conferences, symposia and small exhibitions held in the World Trade Centre has doubled. In 1985 there were nearly 300 such functions — 19 of them were staged by British companies. The World Trade Centre houses the Moscow offices of several British firms. However, the small and medium size companies which cannot afford to maintain representatives in Moscow make little use of the facilities used by the firm 'Impred' of the USSR CCI All Union Organisation, Sovintek, which represents the commercial interests of foreign companies not accredited in the USSR. For example with the assistance of 'Impred', the Swedish firm Hamro Sales AB made a tenfold increase in their exports to the USSR in five years. **Q:** What in your opinion are the major obstacles in the way of the development of cooperation with British partners?
A: Although we have longstanding economic and scientific ties, their future development is certainly damaged by the artificially imposed restrictions on Soviet goods. They are also damaged by the fact that Soviet goods are made the subject of all sorts of stipulations. We in the Soviet Union have always seen in trade based on equal rights, not just economic interest, but also a powerful factor for strengthening peace. There is no doubt that the further development of Soviet-British business relations will help to improve the general political climate between our countries and help to strengthen mutual understanding and trust. The British-Soviet Chamber of Commerce, with its membership of prominent representatives of Soviet and British business circles, will be called upon to play an increasingly more important role in this.

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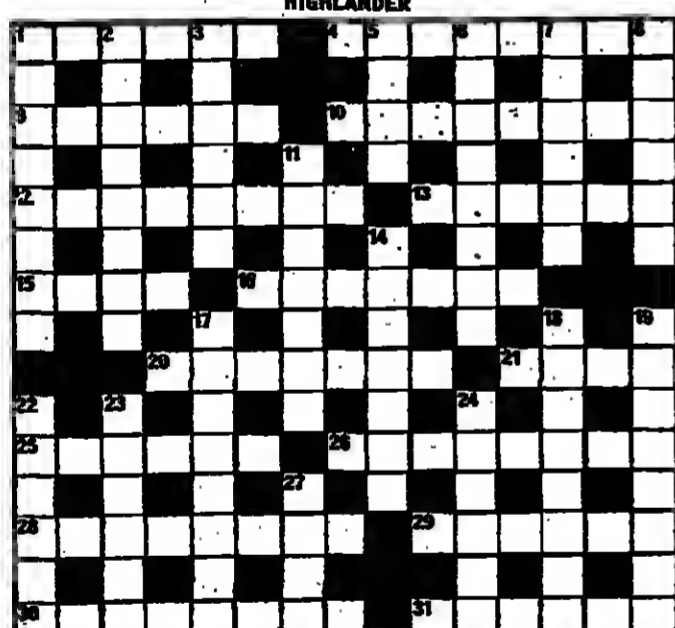
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Adrian Life Assurance Co Ltd
Albion Life Assurance Co Ltd
Alfred Assurances
Alfred Assurances Ltd
Alfred Assurances Ltd

Equity and Law
Fidelity Investments
Fidelity Investments
Fidelity Investments
Fidelity Investments
Fidelity Investments

Imperial Life Assurance Co Ltd
Imperial Life Assurance Co Ltd
Imperial Life Assurance Co Ltd
Imperial Life Assurance Co Ltd
Imperial Life Assurance Co Ltd

Northwich United Asset Management Ltd
Northwich United Asset Management Ltd
Northwich United Asset Management Ltd
Northwich United Asset Management Ltd
Northwich United Asset Management Ltd

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Handwritten note: "فوز الحاصل"

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Standard Life Assurance Company, Sun Alliance Insurance Group, and various international investment funds.

Table of insurance and overseas funds, including British Overseas Investment, Overseas Investment, and various international investment funds.

Table of insurance and overseas funds, including Overseas Investment, Overseas Investment, and various international investment funds.

Table of money market and trust funds, including Money Market Trust Funds, Money Market Bank Accounts, and various investment funds.

TRADITIONAL OPTIONS

Table of traditional options, including 3-month call rates and various financial instruments.

Notes and additional information regarding the financial data presented in the tables.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lines up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS—Cont.

Table of American Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

Main table of London Share Service with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'BUILDING, TIMBER, ROADS—Cont.', 'DRAPERY & STORES—Cont.', 'ELECTRICALS', 'CHEMICALS, PLASTICS', and 'DRAPERY AND STORES'.

ENGINEERING—Continued

Table of Engineering Stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS—Continued

Table of Industrial Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'FOOD, GROCERIES, ETC.' and 'HOTELS AND CATERERS'.

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INDUSTRIALS - Continued

Table of industrial stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

LEISURE - Continued

Table of leisure stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

PROPERTY - Continued

Table of property stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

FINANCE, LAND - Cont.

Table of finance and land stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

MINES - Continued

Table of mine stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

SHOES AND LEATHER

Table of shoes and leather stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

SOUTH AFRICANS

Table of South African stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

OVERSEAS TRADERS

Table of overseas traders stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

PLANTATIONS

Table of plantation stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

INSURANCE

Table of insurance stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

TEXTILES

Table of textile stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

TOBACCO

Table of tobacco stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

PROPERTY

Table of property stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

LEISURE

Table of leisure stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

PROPERTY

Table of property stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

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PROPERTY

Table of property stock prices including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

NOTES section containing detailed financial notes and regional stock information.

REGIONAL & IRISH STOCKS section with a table of regional and Irish stock prices.

LONDON STOCK EXCHANGE

Government securities close with widespread gains but equities ease in late trading

Account Dealing Dates table with columns for First Declared, Last Account, and various dates.

London's securities markets had a somewhat uncertain session, with initial optimism over the Opec agreement on production quotas fading away as the session progressed.

After a busy first half an hour or so when cheap buyers pushed the major clearers up by as much as 12 interest, then waned considerably and closing levels were well below the day's best.

FINANCIAL TIMES STOCK INDICES table showing indices for Government Secs, Fixed Interest, Ordinary, Gold Mines, and Ord. Div. Yield.

Equity put on 7 more to 180p on takeover hopes, but Gilbert House encountered profit-taking and came back 7 to 88p.

At present resulted in modest losses in Sydney and Melbourne. London displayed little inclination to waver from the trend and CBA fell 9 to 350p.

Traded Options: The expiry of the October series gave the usual boost to Traded Option activity.

Once it was clear that oil stocks would not provide the stock market with a share price slackener, early gains of several points in major markets indices were steadily eroded.

Traded option activity and Australian bid prices prompted a lively session in Blue-Chip which closed 611p prior to clearing 5 higher on balance at 605p.

renewed institutional demand and closed on a distinctly firm note. TV South sold out with a gain of 18 to 560p.

International City's preliminary profits were tinged with disappointment and the financial services group would obtain a larger market share after Big Bang Day.

Financial continued to reflect the domestic dollar and feelings that the dollar and British pound were in a race to the bottom.

Traditional Options: First dealings Oct 29 Nov 3 Nov 17. Last dealings Oct 21 Nov 5 Nov 23.

Composites revive: Composites were given a fillip by news of strong third-quarter improvements from a trio of US insurance groups.

Acutely disappointing interim figures prompted sustained selling of Hawker which fell away steadily to close around 280p.

renewed institutional demand and closed on a distinctly firm note. TV South sold out with a gain of 18 to 560p.

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FT-ACTUARIES INDICES

Table of FT-Actuaries Indices showing various equity groups and sub-sections with their respective values and changes.

LONDON TRADED OPTIONS

Table of London Traded Options showing call and put options for various stocks like Allied Lyons, B.P., and others.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange showing various series and their corresponding option prices.

BASE LENDING RATES

Table of Base Lending Rates showing rates for various banks and currencies.

4 Opening Index 1993.6; 11 am 1997.3; Noon 1995.6; 1 pm 1995.0; 2 pm 1993.4; 3 pm 1992.2; 3.30 pm 1991.2; 4 pm 1991.2.

October 22 Total Contracts: 21,699. Calls: 21,261. Puts: 10,398.

Members of the Accounting Houses Commission: 7-day deposit, 12-month deposit, 3-month deposit, 6-month deposit.

World Stock Markets

WORLD STOCK MARKETS

Table of stock market data for Australia, Germany, Norway, Australia (continued), Japan (continued), Belgium/Luxembourg, Denmark, France, Italy, Netherlands, and Switzerland. Columns include country, date, price, and change.

Table of stock market data for Canada, Toronto, and Montreal. Includes sections for Toronto Closing Prices October 22 and Montreal Closing Prices October 22.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Table of over-the-counter stock market data with columns for stock name, price, and change.

Indices

Table of stock indices for New York, South Africa, and various international markets. Includes columns for index name, date, and value.

N. AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for various North American companies, including revenue, profit, and share price.

LONDON

Table of London stock market data showing chief price changes and various stock prices.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change. Includes sub-sections for '12 Month' and '100% High'.

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 40' and 'AMSTERDAM/DELFT/EINDHOVEN'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 40' and 'OVER-THE-COUNTER'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 40' and 'OVER-THE-COUNTER'.

AMSTERDAM/DELFT/EINDHOVEN GRONINGEN/THE HAGUE/HAALEM/HEEMSTED/ LEIDEN/LEIDSDORP/OEGSTGEEST/ RUSWIJK/ROTTERDAM/TRECHTERWASSENAAR THE NETHERLANDS. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Willis. Tel: 020 239430. Telex: 16527.

FINANCIAL TIMES SURVEY

Arab Banking

Bad debts have forced the banks to reschedule loans and in some cases to sue defaulters. By the end of next year, however, the problems caused by the recession will have worked their way through the system.

Banks pay for lax lending policy

THE BANKS and trading houses of the Gulf are hoping that they are getting near the bottom of the very painful recession that has been caused by the collapse of oil production and prices in the past three years. Recessions affecting oil producers in the Arabian Peninsula happen more suddenly and bite more deeply than they do in industrialised countries. The oil state economies traditionally have been driven by government construction contracts and if government revenues fall the flow of contract payments dries up quickly. One finds markets—in building materials, construction equipment and vehicles—where demand can fall by 30 per cent in two months. There are many companies in importing, real estate and contracting which now have revenues 50 per cent below what they were in the early 1980s.

brought to court the authorities turn a blind eye to it. But in Saudi Arabia, if the banks sue a borrower, the courts will deduct all interest paid and, and in Abu Dhabi they normally deduct compound interest and may lower the rate of simple interest that the borrower is told to pay. These practices amount to a big disincentive to the banks to pursue their recalcitrant borrowers by litigation. The banks admit that in part their problems are of their own making. During the boom years of 1974-82 they lent far too generously. If a customer had an important name or was associated with an important person they assumed he was credit-worthy.

By Michael Field

Given the difficulty of litigation and the doubtful value of mortgages in Arabian countries, the banks were quite right to think of reputation rather than security in the conventional sense. The mistake they made was in not getting to know their customers well—some of the Bahraini banks lent in Saudi Arabia without meeting their clients. Often the banks asked for very little information. Customers played off one bank against another, telling (A) that it should not ask to see their accounts because (B) had not done so. The banks would lend, put the customer's behaviour down to Arab secretiveness, and justify their decision by telling themselves that they were adapt-

ting to the local culture. Later, when the recession began, some of the foreign banks, operating from Bahrain, London or America, increased their clients' problems by cutting their lines of credit.

Most of the companies with whom the banks had these somewhat unprofessional and opportunistic relationships were small and unsophisticated. It is now mainly firms of these types that are causing the banks their problems. Many of the owners, finding themselves in difficulties, turn to the banks and say in so many words: "In the good times you were happy to lend to us and make big profits from us, and now that times are bad you should share our losses." This attitude is sometimes found in companies which used to have turnovers as big as \$100m to \$200m.

An exasperated banker in Bahrain recently summed up the position: "These people don't understand what a bank is," he said. "To some extent they look upon loan as equity finance. It's a matter of mentality as much as unscrupulousness. Now that they're trapped with bad investments and debt they can't repay, the only solutions they propose are to wait and see, hand over some useless buildings, or forget the loan."

Although bankers concede that many of their customers are sincere in this attitude, they also say that others certainly are being unhelpful or dishonest. A number of banks are now running out of patience with both types of borrower, and

despite all the difficulties, in recent months they have become more willing to sue. If the borrower is a Saudi they take it for granted that they will lose their interest, but they hope to get their principal back. They are spurred to action by the knowledge that many of their clients who appear to be bankrupt at home have assets abroad which make them mil-lionaires. Banks have had almost no success in obtaining repayment through forcing clients to liquidate foreign investments.

In the last two months four banks in Bahrain that have become impatient with these types of problem have filed suits against Abdullah Fousad, a prominent businessman in a Saudi eastern province, whose company has debts of more than \$10m.

Most of the bigger companies that have got into difficulties have been less of a problem for the banks. They are anxious to maintain their creditworthiness in the long term, so they have not disputed the interest they owe and have rescheduled their debts.

In the last 2 1/2 years there has been quite a large number of corporate crises of different sorts in Saudi Arabia, affecting major companies. National Chemical Industries and Carlson Al Saudia, both contractors, collapsed in 1984. Early in the following year the National Automobile Company, the Central Province agent for Dodge, had its assets seized on the orders of Prince Salman, the Governor of Riyadh; in 1984 and 1985 the All and



Fahad Shobokshi contracting company rescheduled \$400m of bank debt. Smaller reschedulings were organised by Halwani Brothers, an enterprising Jeddah food manufacturer and Beta Services.

recession-proof. Some have never borrowed money, even to finance imports, and others, since they saw the recession coming, have sold only for cash. If their instincts are right, the banks will be immersed in large and small reschedulings and "workouts" for about another year. Most of their clients, likewise, will remain preoccupied with their debt and with retrenching in the face of recession. Given that a majority of Arabian companies are run by just two or three people they tend to think corporately of just one issue at a time.

From the end of next year, however, the hope is that companies will have adjusted to a poorer economy and will be looking to see what types of new business they can do in it. There are a few companies such as the Olayan group and E. A. Juffli and Brothers in Saudi Arabia, which have been investing through recession. But most Gulf and Saudi entrepreneurs do not realise that companies can make money in bad times

and do not at all understand the structural change that is taking place in their economy. They imagine that all opportunities will continue to come from government spending and do not see that in future they will have to operate in a more complex environment, in which the private sector will be dealing with the private sector (as it does everywhere else in the world) and where markets will be composed not just of one client—the state—but of thousands and millions of companies and individuals.

Many businessmen are now focusing attention on making money abroad and will only turn back to the Arabian Peninsula when oil prices and production, and therefore government spending, increase. One often hears bankers in the Gulf saying that they wish their clients would bring capital back from abroad, not necessarily to repay their loans but to recapitalise their companies and start them generating

income again. But given the unimaginative management of Arabian companies, the uncertainty over oil prices and the prosperous state of the Western economy they are likely to be disappointed.

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Saudi Arabia

Problems come into the light

BANKING in Saudi Arabia is still facing a decline, but for the first time since the slide began in 1984, the Kingdom's bankers think they know how bad the problem is.

This is something which gives them a certain amount of comfort. Previously, as bad loans smashed profits, a lack of market information and government inactivity left bankers scrambling in the dark. Confidence plunged. Bankers now say they have a reasonable grasp of the extent of the Kingdom's banking problems, and have an idea about how much worse it will get before things get better.

A turnaround of modest proportions may take place within a couple of years, according to some. The big problem is bad loans. Bankers have boosted provisions to cover non-performing loans. The Saudi Arabian Monetary Agency (SAMA) is permitting banks for the first time to share some information on bad loan customers. Still, no news has been made to reconcile the conflict of interest-oriented Western banks and the Islamic Sharia law which forbids the giving and taking of interest.

Consequently, no bank can obtain enforcement of payment of interest on loans. Bankers speak derisively of customers who find "religion" when their loans go sour. Only two of the Kingdom's nine joint-venture banks have reported gains in profitability for the first half of 1986; most have reported large drops. Saudi Cairo Bank, however, received the worst news when its shareholders learned at a

Only two of the joint-venture banks have reported gains in profit for the first half of 1986

September meeting that former General Manager Dr. Hamid Al-Humaidy was under investigation "for exceeding executive authority" in making loans, and were asked to approve doubling of share capital. The irony was that Dr. Al-Humaidy had been called in by SAMA to clean up the bank in 1982. At that time, the Saudi Cairo Bank's (\$105m) loss due to precious metals trading between 1979 and 1981. After an 18-month investigation by SAMA and Saudi legal authorities, Banque Du Cairo's managing director Mr. Bahgat Khalil and his foreign department director Mr. Ahmed Abdul Baseet Bajneeb, were each fined \$2,840, and jailed for one year.

Saudi Cairo, a 60/40 joint venture with Banque Du Cairo, is the only joint venture bank in the Kingdom that has failed to report its 1986 half-year results. Saudi Cairo's tardiness in reporting, said Mr. Abdul Aziz Zaidan, chairman of the Saudi Cairo board, was due to investigations of at least three loans made to individuals far exceeding SAMA's statutory limit on a percentage of exposure with any single borrower.

Although the bank, propped up by the Saudi Arabian Monetary Agency (SAMA) low-cost government deposits, made profits for a couple of years, it reported zero profits for 1985 and a slight decline in assets to SR1.18bn. Loans and advances fell to SR3.92bn. Shareholders approved doubling the bank's capital.

The results for the kingdom's other banks were also down for 1985. But first half results of 1986 show that the smallest banks have reversed the trend. Saudi Investment Bank (SAIB), a joint venture 20 per cent owned by Chase Manhattan reported a first half profit of SR 1.1m after making SR 20m provisions. This compares to a loss of SR 1.1m for the first half of 1985. United Saudi Commercial Bank, a joint venture with Citibank, Iranian, Pakistani, and Lebanese banks, has overtaken SAIB in asset size, and cut its 1985 first half loss of SR 13.1m to SR 5.9m, after taking SR 15m in provisions.

The remaining joint venture banks showed declines in profitability. The largest decrease occurred at Al-Bank Al-Saudi (AIBO) and, a 40/60 joint venture with Algemene Bank Nederland. Profits for the first six months after provisions, were SR 11m, a drop of 58 per cent. Saudi American Bank, a 49/50 joint venture with Citibank, posted a six-month net profit after provisions of SR 85.8m, a decline of 37.5 per cent from the same period the previous year. Arab National Bank, 40 per cent owned by Arab Bank Ltd of Jordan, posted net earnings after provisions of SR 80.2m, a fall of SR 81.6 per cent.

Finn Barre

BANK RESULTS

Table with columns: Bank, Assets (%+-), Losses (%+-), Provisions (%+-), Net Profits (%+-). Rows include Saudi French, Saudi American, Arab National, Saudi Hollandi, Saudi British, Saudi Cairo, Bank Al-Jazira, USCB, SAIB, Riyad Bank, NCB.

*Three month figures ending June 5 1986. Source: Published bank reports.

IN THE last four years private Arab investments in the industrialised countries have become much bigger, more sophisticated and respectable.

The watershed was in 1982 when the Souk al Manakh, Kuwait's unofficial stock exchange crashed, and pulled all the other stock exchanges in the region into decline with it. At the same time Iran won some major victories in the Gulf war, which put a political impetus behind the flow of foreign investment. And as oil production dropped and the first signs of recession appeared in the region, rich Saudis and Gulf Arabs realised that their money would grow faster abroad than at home—which had not been the case in the previous 10 years.

In the 1970s foreign investment was regarded in the oil states as being fairly unprofitable (as well as relatively unprofitable). Businessmen did not like to talk about it too much. Now it is the only boom area of the Arabian Peninsula economy—people talk about it with enthusiasm as an expansion and diversification of their businesses. There is a realisation that even if oil prices and production recover there will never be a boom like the one of the 1970s again, not least because there are obvious limits to the types of development that can be undertaken at home.

It is accepted by the bigger businessmen, therefore, that foreign operations have come to stay. In future the big Arabian trading houses will have an international aspect. There is no consensus figure for the size of Arabian Peninsula private foreign assets. But Hikmat Nashashibi, who last

autumn masterminded the Arab purchase of a large share of the Moseley Holding Corporation, an American stockbroking house, has calculated the total amount to be more than \$125bn. This figure, which other Arab bankers accept as being reasonable, includes the investments of Arab banks and investment companies, but not their net foreign loans and money market positions.

Nashashibi believes that this year there may have been a net return flow to the Middle East of perhaps \$1bn. If the figure is correct, the flow would have been caused by investors wanting to realise their profits on the western bond and equity markets and, possibly, by their feeling that there are very cheap assets to be picked up at home. This would be most obviously in the real estate market, where prices have fallen by as much as 80 per cent in the last few years.

Nashashibi concedes that he is not sure about this flow, and he points out that Arabs have a habit of discussing an idea over and over again with their friends before they act. In effect with many financial trends in the Arab world one hears a great deal before there is any action.

The feeling in the Gulf is that there is either an inflow or a very strong outflow. The big outflow took place in 1983-85 and was financed as much by shrinkage in companies' inventories as by trading profits or the liquidation of assets within the region.

From the point of view of any company which might be involved in managing private Arab foreign investments, the opportunities now focus on the huge sum that is already in the industrialised countries rather than on new funds leaving the region.

At the same time as they have expanded, the pattern of Arab foreign investments has changed. In the 1970s most Gulf Arabs were extremely conservative—concentrating on bank deposits, fixed interest securities and property, which they normally bought to live in rather than as an investment in the conventional sense. A very small number were wild speculators.

Among the richer merchants the habit was to look upon foreign operations more as a trade than investment: the idea was to deal and realise a profit rather than to build an overseas business that would yield income in the long term. Now investors' operations are more organised and professional.

At the smaller end of the scale, those people who cannot afford their own specialist staff invest abroad through friends who are already involved in the business: there are many serious investors who will arrange a purchase for themselves and then telephone round their friends to see who would like to participate. Bigger and richer investors—people who own substantial

Private Investment in West

Foreign operations here to stay

businesses—have opened foreign investment departments in their company headquarters. A person who has done this is a characteristically professional and thorough way is Ahmed Mansal, the leading businessman in Qatar. In Bahrain the Kanoo family runs a substantial investment operation, which is known to be low profile and conservative.

Other businesses of the Kanoo's size have opened investment offices abroad. By far the longest established and best organised is that of the Saudi entrepreneur, Sulaiman Olayan, who has offices in London and New York and specialises in very professional portfolio investment.

The Jameel family, which owns the Saadi agency for Toyota, has an investment operation in Monaco, which has channelled large sums into shipping (in the later 1970s and early 1980s) and has big holdings in British and American real estate.

Abdul-Aziz Sulaiman, the son of the Finance Minister of the late King Abdul-Aziz and partner of the Saudi Nissan importer, Siraj Zahran, has an investment subsidiary in Geneva and offices in New York and London.

Other prominent businessmen with well-organised investment operations are Abdullah Abdul Ghaflar Alireza and his son, Teymour; Rafiq Hariri, a Lebanese Saudi whose company, Saudi Oger, has made a

fortune from contracting in the Kingdom; Ahmed Hamad Al-Gezali, who is the major merchant in the Saudi Eastern Province; and Omayyad Aggad, who has been one of the four or five most enterprising and successful investors in Saudi light industry.

In Kuwait the trend since the end of the 1970s has been for investors to group in closed shareholding companies, most of which are associated with particular families or circles of friends. The most prominent companies have been Gulf Investment, established by the engineer, Sabah al Rayser, Sharjah Group, which was the creation of Sheikh Nasser Sabah Ahmed al Sabah and was the first of the companies to be launched; and the Coast Investment and Development Company, associated with the Sagar family.

Most of these companies have been affected by the Souk al Manakh crash and the Kuwaiti banking crisis, though all are expected to survive. The most active and successful at present is Coast, which is run by Faisal Ben Khadra, who has previously been at the Kuwait Fund for Arab Economic Development, the United Bank of Kuwait in London and the Industrial Bank of Kuwait.

Coast invests mainly on its own account but also arranges deals and then invites associates of the Sagar family and other contacts to participate. It led the Kuwaiti side of the

group of investors which bought nearly 25 per cent of the New York investment bank, Smith Barney, in 1982; the Saudi side was led by the Aggad Investment Company. Since then it has participated in the Terrasse de Geneve scheme—developing a golf course and other amenities on French territory overlooking Geneva.

It is institutions such as Coast that have been behind most of the well-publicised direct Arab investments in Western businesses in recent years. Family investment operations have bought real estate on a big scale and occasionally have bought companies that would complement their trading and industrial businesses at home, but they have not made other direct investments for their own sake, possibly because of the demands these would make on their already stretched managements.

The most prominent institution to have organised direct investments is the Bahraini offshore company, Investcorp, which has 12,000 shareholders from all the Arabian oil producing countries. It has done 12 deals, worth about \$1bn, with the best-known having been its purchase of the New York jeweller, Tiffany.

In every case it has sold the major part of the companies it has bought to investors in Europe and America as well as its own shareholders. It has kept 5 or 10 per cent of the equity in each deal, partly as a testimony to its own faith in the schemes, but it makes its money from organising the sales or management buy-outs. It has never wanted to get involved in managing its purchases.

Michael Field

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A creative approach to finance

ARAB BANKING 5

Government Investment

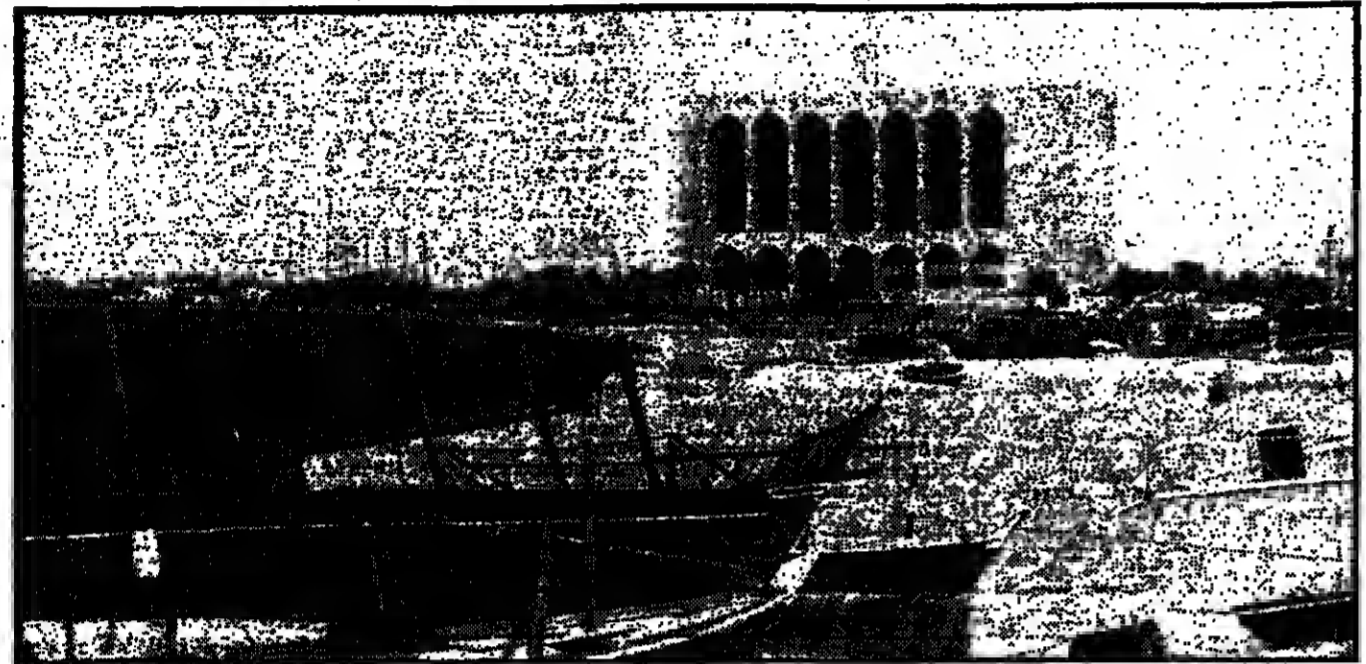
Juggling act with assets

IN THE last two years the Gulf oil producers have been performing a financial balancing act. Economists outside the region have been claiming that they have been running down their foreign assets, while the countries' central banks and finance ministries have been protesting that they have kept their holdings steady.

Their gains have been maximised by the fact that they made their biggest bond purchases in the early 1980s, when their surpluses were running into tens of billions of dollars and bond coupons were hitting 17 per cent.

The total official holdings of the main Gulf oil producers—Saudi Arabia, Kuwait, Abu Dhabi and Qatar—at the end of last year were estimated to be about \$200bn. This figure excluded loans to other Arab and Third World governments—particularly Iraq—and in Kuwait's case in the capital of government corporations, which the state sometimes includes in the figures it gives for reserve assets.

tries' balance of payments statistics do not always record the repatriation of external assets, when this occurs. Similarly official budget projections in some countries ignore investment income.



The Central Bank in Abu Dhabi

Abu Dhabi Investment Authority

THERE are no reserves in the name of the Federal Government of the United Arab Emirates. Of those emirates which have reserves, each controls its own. The only emirate which has accumulated a significant surplus is Abu Dhabi, which is the principal contributor to the UAE's federal budget.

Thus ADIA's attitude to equities has generally been a short-term one: it has bought and sold them for profit and not usually built up a longer-term strategic stance. One of the exceptions to this policy was ADIA's purchase of a 12½ per cent stake in Reuters. (This holding has since been reduced.)

Calculating the proportion of currencies in ADIA's total investment portfolio is hazardous. Local bankers estimate that the dollar currently makes up over half the portfolio. Until recently Abu Dhabi has invested heavily in the dollar because of the long-term security of the US economy and the link between the dirham and the dollar.

The UK branch was originally intended as an experiment. Given the decreasing importance of sterling in ADIA's investment, the Authority may repatriate some of the London portfolio to head office.

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Kuwait Investment Authority

KUWAIT'S total reserves, managed by agencies of the state's Finance Ministry, were reported at the end of the financial year 1984-85 to be just under \$20bn; they are now probably about \$25bn.

Most of the assets that are guaranteed growth, the RFFG now adds up to more than half of Kuwait's total reserves. At the end of 1984-85 the RFFG was reported to be worth over \$40bn.

Richard Carswell

Qatar Investment Board

QATAR'S income-yielding holdings are believed to be around \$10bn. This figure excludes the country's foreign exchange reserves, which are managed by its central bank and which approached \$400m at the end of 1985. It also excludes inter-Arab loans.

The deposit component of the Board's investments has been important, and the rates of interest have been "excellent," in the words of the same adviser.

Saudi Arabia Monetary Agency

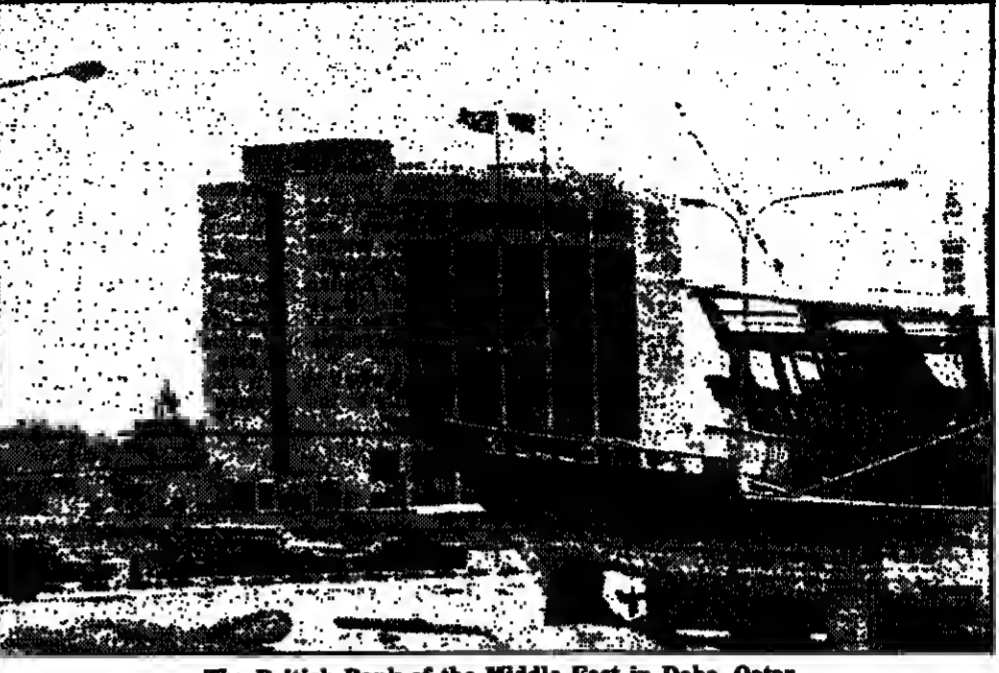
SAUDI ARABIA'S assets are managed by the Kingdom's central bank—the Saudi Arabian Monetary Agency (Sama)—on behalf of the Ministry of Finance. It has among its advisers staff of Merrill Lynch and Barings.

Richard Carswell

The Board also has foreign advisers who attend its quarterly meetings. It issues instructions through the investment division of its finance department, which is administered by the Controller of Investments.

broad guidelines on the relative weighting of currencies and investment instruments, fund managers have considerable freedom to pursue the best return on the assets under their direction.

Of the Board's commercial investments nearly all are tradable securities: equities, bonds and other fixed income securities. Most equities are in different sectors in the US, West Germany, Japan, Britain, Switzerland and Holland—usually in sound, non-speculative undertakings.



The British Bank of the Middle East in Doha, Qatar

estimated to be less than \$20bn—an annual decrease of \$15bn, or \$1.25bn a month on average. Actual drawings have been greater, because the Kingdom has spent all its income and capital appreciation.

The Saudi riyal is normally pegged to the dollar—though it was devalued against the US currency in June by 2.7 per cent. The dollar's own decline has brought about a further fall in the riyal in trade weighted terms.

Richard Carswell

Advertisement for The British Bank of the Middle East. It features a large image of palm trees and a circular logo with a palm tree. Text includes: "At the ripe old age of 90, we're still growing." "Backed by the Hongkong Bank group's vast network of 200 bank offices in 55 countries, the B.M.E. offers you instant, decentralised decision-making." "The best bank with global connections."

ARAB BANKING 7

UAE

Taking an interest in legality

THE BIG issue that faces bankers in the United Arab Emirates—and particularly in Abu Dhabi—is whether compound interest is legal or illegal. There are several hundred—possibly even one or two thousand—cases filed by traders who are demanding that banks repay them the compound interest they have been charged during the last five to 20 years.

The main changes of the last few years have involved the mergers under government auspices of three banks in Abu Dhabi and three in Dubai. They have formed the Abu Dhabi Commercial Bank and a bigger version of the Union Bank of the Middle East, which used to be owned by the Dubai merchant, Abdul-Wahab Galadari. These institutions have received government capital and guarantees and cheap deposits.

Then, as the recession deepened and the banks took more cases to court it became the common, though not invariably, practice for judges to accept simple interest but to exclude any element of compound interest from their awards.

Some of the judges dislike the fact that the law is so definite in accepting the principle of interest and there is no doubt that they would like to change it. However, in the early 1980s, when there were several judgments that threw out interest altogether, the courts were reminded informally of the law in a letter written to them by Sheikh Sultan bin Mohammed, the Presidential Chamberlain.

A decision by the Abu Dhabi Court of Appeal in 1981 endorsed the approved rates of 8 and 12 per cent, but stated that the banks should not be allowed to apply the rate of 12 per cent to simple, not compound, interest.

This judgement has been influential, but because of precedent in Abu Dhabi (or in Saudi Arabia) courts are still liable to give erratic judgements. There has even been a law—the Federal Civil Transactions code of March 1985—which has said, in effect, that all interest is illegal.

Other bankers take a sceptical view. They assume that Sheikh Zayed is probably not passionately concerned with the question of interest and they think that he may not want to issue a decree which would run decisively against the Shariah (Quranic) Law.

Those that do pay best the banks down on their rates of interest. The same problems apply with people who are close to important sheikhs. If a bank puts pressure for repayment on such a person he is likely to enlist the support of his powerful friends.



Sultan Suwaydi, managing director of Abu Dhabi Commercial Bank

Bad Loans

"I TELL you," declared a banker in Abu Dhabi recently, "we would be happiest if we could lend to teachers, civil servants and little accountants—people who can assign to us their bonuses, their end of term indemnities and so forth. We can sue these people—take them to court. If they bounce a cheque they go to prison."

Abu Dhabi Courts

THERE ARE three types of courts in Abu Dhabi—criminal, Shariah (Quranic) and civil. The civil system is made up of courts of first instance, the Abu Dhabi Court of Appeal and the Federal Supreme Court.

Procedure is much more formal than in the Shariah courts. Litigation is a very slow process made up of many little steps separated by long adjournments. All proceedings are in Arabic.

Egypt

Stricter discipline on new lending

IT HAS been a difficult year for Egypt's banking sector which has had to cope with deteriorating economic circumstances, acute shortages of hard currency, and government policies in a state of flux. Bankers have been forced on the defensive by Egypt's economic problems. Large doubtful loan portfolios held by almost all banks have imposed much stricter discipline on new lending.

Western bankers complain about difficulties in finding acceptable credit risks. Government directives and hard currency shortages have forced a curtailment of trade financing.

Opinions are mixed among foreign and local bankers about the future. Optimists suggest that the worst is over, that the banking system, after the boom years of the late 1970s and early 1980s, is undergoing a necessary shake-out and will emerge better for it.

The local banking scene has been treated in recent months to an almost unprecedented newspaper campaign in both the semi-official and opposition press against the chairman of the Egyptian-Kuwait joint venture Arab African International Bank (AAIB).

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The National Bank of Egypt

oil market, they say, banks are in for a long hard slog. Mr Ali Negm, the avuncular Central Bank Governor, said in an interview that a review now being undertaken of bank results to the end of June 1986, was likely to indicate a further slowdown this year compared with last year. He blamed the reduction in activity on the deterioration on the oil prices and on domestic economic problems.

lashing such a market. The subject was under study, he said, by the Central Bank and the four large public sector commercial banks. The Central Bank Governor acknowledged pressure on Egypt to float its currency by getting rid of two official rates of exchange: the Egyptian £1.70 to the US\$ used for budgetary purposes to calculate the value of strategic imports such as food and the Egyptian £1.35 to the US\$ tourist rate.

Foreign investment. Growing market for export products and services. The Gulf market can no longer be viewed through the narrow lens of traditional sources of revenue.

Advertisement for National Bank of Abu Dhabi. Features a large graphic with arrows pointing up and down, and text: 'THE ARAB WORLD WELCOMES', 'THE NEW BREED OF EXPLORERS.', 'National Bank of Abu Dhabi joins the Arab world in welcoming this new dynamism from the indigenous population, and from international parties willing to explore this still promising growth region.'

Anthony Walker

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